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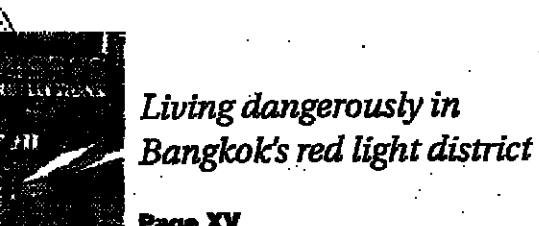
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# FINANCIAL TIMES

Weekend June 27/June 28 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

## Mandela warns S Africa 'is on brink of disaster'

South Africa is on the "brink of disaster", Nelson Mandela, African National Congress leader, warned President F.W. de Klerk last night as further allegations surfaced of government complicity in township violence. The warning came after the judicial commission investigating township violence heard evidence linking a police unit to last Wednesday's massacre at the Dolpatong township near Johannesburg in which 42 people died. Page 22

**Olivetti agreement** Olivetti, loss-making Italian computer and office equipment manufacturer, signed an agreement with Digital Equipment (DEC) which could lead to the US minicomputer maker owning up to 10 per cent of Olivetti within two years, giving it a European partner to help market its latest technology. Page 10

**Japanese declines** Japan's industrial output declined in May by 3.7 per cent compared to a year ago, the most severe year-on-year fall since 1975. Page 2; Tokyo keeps straight corporate face. Page 10

**Central bank dilemma** A plan by the EC Portuguese presidency to site the headquarters of the European Central Bank in Bonn and its operating arm in London looked likely to founder. Page 3; The third phase of Mr Europe. Page 5

**Tears as Ravenscraig closes** Workers left the giant Ravenscraig steel plant at Motherwell in Lanarkshire, Scotland, after the final shift before closure, many angry at British Steel chairman, Sir Robert Scholey (left). The plant's official last day is today and Motherwell District Council is marking it by releasing black balloons outside the gates at noon to represent the 4,400 jobs lost from Ravenscraig and Clydesdale in the past two years. Page 5

**Rabin's pledge** Israel's prime minister-elect, Yitzhak Rabin, said he would freeze Jewish settlements in areas of the occupied territories he does not consider vital to Israel's security. Palestinians had unsuccessfully sought a settlement freeze from the outgoing government led by the Likud party. Page 2

**Fishing wars** John Gummer, UK agriculture minister, accused French fishermen of stirring up "1,000 years of rivalry and hatred" in the row over fishing rights around the Scilly Isles. Page 4

**BSN deal** BSN, the French food group, is taking control of Galbani, a leading company in the Italian food industry, by buying an additional 10 per cent stake from IFIL, a company controlled by the powerful Agnelli family, for FR1.35bn (\$260m). Page 10

**Aegis departure** Aegis, London-based holding company for Carat, which dominates the media-buying scene in Europe, announced that chairman, Peter Scott, is to leave at the end of the year when the company relocates to Paris. Page 8

**Liberty family victory** The founding family of Liberty defeated a proposal to enfranchise all shareholders and thus undermine their control of the UK fashion and fabric group. Page 8

**Standard Chartered** The chief executive of Standard Chartered's Indian operations, Parvesh S. Nat, has been relieved from duty until the end of the investigation into India's most serious securities market scandal. Page 2

**Listeria kills 20** French health authorities said that 20 people had died in a possible listeria epidemic over the past three months. About 100 cases of listeria, a virus transmitted by unpasteurised milk and some farmhouse cheeses, had been diagnosed.

**Adidas bid** Rene Jaggi, chief executive of Adidas, is heading a consortium of European investors in a DM1bn (\$648m) bid to buy control of the German sporting goods group from Bernard Tapie, the controversial French businessman and politician. Page 10

**Police "torture"** Los Angeles police have resorted to excessive force, sometimes amounting to torture, for several years, the human rights group Amnesty International said. In most cases, it added, the officers involved appeared to have acted with impunity or received only minor disciplinary sanctions.

STOCK MARKET INDICES		STERLING	
FT-100	2,334.1 (-0.2%)	New York	1,894
Yield	4.84	London	1,892 (1,891.5)
FT-SE 100	1,145.8 (-0.2%)	DM	2,915 (2,917.5)
FT-A All Share	1,294.7 (-0.2%)	FF	9.79 (9,812.5)
Nikkei	12,812.73 (-0.30%)	SF	2,617.5 (2,632.5)
New York	1,894	Y	237.76 (237.25)
Dow Jones Ind	2,779.73 (-0.2%)	E Index	93.3 (93.0)
S&P Composite	402.51 (-0.21)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3.11% (N/A)	New York	1,894
3-mo Treas Bill	3.77% (N/A)	London	1,892 (1,891.5)
Long Bond	102.11 (N/A)	DM	2,915 (2,917.5)
Yield	7.76% (N/A)	FF	9.79 (9,812.5)
LONDON MONEY		SF	2,617.5 (2,632.5)
3-mo interbank	10.2% (10.1%)	Y	237.76 (237.25)
Life long gilt	Sup 98% (Sup 97%)	E Index	93.3 (93.0)
NORTH SEA OIL (Argus)			
Brent 15-day Avg	\$12.75 (12.52)		
Gold			
New York Comex Jun	\$342.5 (344.5)		
London	\$343.85 (343.35)		
		Tokyo close	Y 125.5

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## EC leaders split on financing and enlargement debate

By Our Foreign and Political Staff in Lisbon

EC LEADERS, meeting at the Lisbon summit, were split last night on how to finance the Community and when to start negotiating its enlargement. But they were united in their desire to save the Maastricht treaty. Chancellor Helmut Kohl of Germany said that, in spite of Denmark's rejection of Maastricht, "the Community

should go ahead at the same speed with all 12 passengers on board".

Mr Uffe Ellemann-Jensen, Denmark's foreign minister, said he hoped that ratification by the EC's big three - coupled with a drive towards more open and decentralised decision-making - would "lead to a new landscape, where new decisions can be taken". This was an apparent hint at the possibility of a second Danish referendum.

But Mr Ellemann-Jensen went on to say that "political leaders should have the courage to propose changes to their electors". This could equally refer to the possibility of renegotiating aspects of Maastricht, a prospect firmly ruled out by all 12 governments.

Britain's desire to start enlargement talks with European Free Trade Association countries during its forthcoming presidency as a way of enticing Den-

mark back into the fold found little support.

Mr Kohl, President Francois Mitterrand of France, and the leaders of the northern Benelux countries, all spoke in terms of the Community only beginning to give serious consideration to negotiations with EFTA in 1993.

Mr Rudi Lubbers, the Dutch prime minister, suggested that with the south anxious about getting more aid from the EC budget and the north preoccupied with

enlargement, public opinion in both regions of the Community would only be satisfied if the Lisbon summit gave equal weight to both issues.

EC leaders will try to do this in today's final communique. Just how difficult a task this will be was underlined last night when Portuguese prime minister Antonio Guterres suspended the summit's plenary session for talks with Mr Kohl and Prime Minister Felipe Gonzalez of

Spain, the standard-bearer of the south's quest for more structural aid.

Earlier debate had shown positions far apart. A majority led by Germany and the UK was opposed to making firm pledges of money. They backed a suggestion by Mr Jacques Delors, the Commission president, that Brussels' plan to increase EC spending by a third should be stretched out over seven, rather than five years.

## Possibility of military action played down

# Bush calls crisis meeting over aid airlift for Bosnia

By Robert Mauthner in London, Patrick Blum in Lisbon and Laura Silber in Belgrade

US PRESIDENT George Bush yesterday called an emergency meeting of his top security advisers to discuss the rapidly worsening situation in Bosnia and the implementation of an international aid airlift to the region's beleaguered population.

The meeting, attended by Mr James Baker, secretary of state, Mr Dick Cheney, defence secretary, and Mr Brent Scowcroft, national security adviser, was convened amid harrowing reports of the plight of 300,000 starving people, blockaded by Serbian forces in the Bosnian capital of Sarajevo.

But US officials played down speculation that Washington and its allies were contemplating military action to end the fighting, mainly between the region's Serbs and Muslims.

Before the meeting, Mr Baker said he did not believe the international community had the authority under current United Nations resolutions to use force to ensure humanitarian aid reached its destination.

Nor, in spite of regular consultations between members of the Security Council, were there any plans to pass a new UN resolution authorising the use of force at this stage, a senior State Department official said.

The Pentagon confirmed that US forces in Europe were on alert



James Baker: key meeting as much long as 10 days ago to transport food and medical supplies to the population of Sarajevo but stressed that the go-ahead would be given only when a ceasefire was in place.

EC government leaders meeting in Lisbon yesterday were divided over what to do about the Bosnian crisis and generally cautious over suggestions that force could be used to open Sarajevo airport.

French president Francois Mitterrand called for tough measures, but did not spell these out. However, his spokesman was cool about proposals for military intervention and emphasised that "Europe had neither the vocation nor the means to be a policeman

in Yugoslavia". Britain, too, remained sceptical about military intervention. Officials suggested it would take up to 100,000 troops to secure Sarajevo and Serbian-controlled hills around the city. It is clear, however, that Washington's European allies are seriously considering their participation in a US-led humanitarian airlift for Bosnia if there is an effective ceasefire.

"If there is an effective ceasefire that lasts long enough to allow a multilateral operation safely, we would be ready to play our part," a senior British official said. He stressed that such an operation should not involve the use of ground forces.

Western European Union officials meeting in London concluded that it was feasible, in principle, for member countries to clamp a to put into effect a naval embargo on of Serbia and agreed to examine ways in which the nine member countries could participate in the proposed airlift.

On the ground General Ratko Mladic, the commander of Serb forces in Bosnia-Herzegovina, lashed out at western countries and warned that Serbs were ready to continue their fight. His speech contrasted with yesterday's call by Mr Radovan Karadzic, Bosnia's nationalist Serb leader, for "an immediate halt to all artillery attacks on Sarajevo" and the withdrawal of anti-aircraft guns from the Serb-held city airport. Shelling continued yesterday in parts of the city in defiance of Mr Karadzic's order.



Making a point: a dummy representing a farmer stabbed with a pitchfork adorns the front of one of the 300 tractors used to blockade the road to Eurodisney outside Paris yesterday as a protest against the effect of US companies on world markets. Report, Page 2

## BP shares fall 15% on fear of possible dividend cut

By David Lascelles, Juliet Sychrava and Norma Cohen

BRITISH PETROLEUM shares yesterday fell by 15 per cent in the wake of Thursday evening's boardroom coup which ousted Mr Robert Horton, the chairman and chief executive. The shares closed at 208p, a loss of 34p on the day, taking them to their lowest point since autumn 1988.

The fall was prompted mainly by fears that the company's new management, headed by Lord Ashburton, the chairman, would be forced to halve the dividend to ease BP's strained balance sheet. There were also rumours of a 21bn-22bn rights issue.

Nevertheless the City was generally positive about the sudden change in leadership at the UK's third-largest company by market capitalisation. Analysts welcomed an end to the frictions caused by Mr Horton's style of management.

They also reacted favourably to the appointment of Mr David Simon as chief executive. His financial background and diplomatic manner were seen as positive attributes in BP's current difficult situation.

"He's more financially oriented and BP's problems are financial," said Mr Paul Spedding of Kleinwort Benson Securities.

It also emerged yesterday that the prime movers behind the coup were the non-executive directors from the business community on BP's board.

Lord Ashburton, a former chairman of Barings merchant bank, Sir Patrick Sheehy, chairman of BAT Industries, Dr Carl Hahn, chairman of Volkswagen, and Mr Charles Knight, chairman of Emerson Electric, were said to be among those keenest to remove Mr Horton.

BP called large shareholders yesterday to say that the company would be in contact shortly and that Mr Simon would be available to answer questions.

Institutional shareholders were concerned that the boardroom coup might have been carried out without any alternative strategies in mind. The dominance of Mr Horton's personality and his concentration of power in his dual role as chairman and chief

executive would have made it difficult for the new management to prepare any fresh measures to deal with BP's difficulties.

Analysts said there had been recent signs that the second quarter's earnings prospects had deteriorated. Some factors out of BP's control, such as the weakness of the dollar, are likely to affect earnings, while larger-than-expected redundancy costs in its US operations will also result in a charge to earnings. BP is due to announce its interim results on August 6, but this date may be brought forward.

BP itself made no public comment yesterday following Mr Horton's dramatic resignation. Staff were said to have been surprised by the changes, but generally supportive.

Mr Horton also refused to comment. He spent the early part of yesterday at his country home in South Stoke, Oxfordshire. He bought the morning papers at the local newsagent and later left by car with his wife for Oxford.

A classic coup, Page 6  
Lex, Page 22

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## NEWS: INTERNATIONAL

## Operation Mickey a publicity coup for French farmers

By Alice Hawthorn in Paris

HUNDREDS of French farmers in tractors yesterday blocked the road entrances to Euro Disney and condemned US companies for "trying to force Europeans out of world markets".

The demonstration, code-named "Operation Mickey", is the latest development in French farmers' protests

against the European Community's agricultural reform. Farmers have been demonstrating across France for several weeks against planned cuts in guaranteed prices and enforced reductions in cultivated area which small farmers fear will drive them off the land.

Mr Luc Guyau, who was on Thursday elected president of the French farmers union,

declared that his members did not "want to see France colonised by Euro Disneyland".

Protest leader Jean-Louis Colas of the mainstream farmers' union FNSEA said: "We chose Euro Disneyland because it is a symbol. It is built on agricultural land. It also symbolises America. Without American pressure, the reform of the European agricultural policy could have

been different," he said.

Operation Mickey is the latest in a long list of problems to have hit Euro Disneyland, since its opening in April as Europe's largest and most expensive theme park. As well as the intellectuals' attacks, the park has been hit by bad publicity over rows with suppliers and rumours of poor attendances.

The farmers' protest began

early yesterday morning when hundreds of agricultural workers from neighbouring areas converged on the theme park at Marne La Vallée outside Paris. By midday an estimated 500 farmers with more than 200 tractors had encircled the park closing the access roads to the car parks.

Two squads of riot police were dispatched to Euro Disneyland but there were no

disturbances. The farmers dispersed at lunchtime after posing by their tractors for the television cameras and the park opened as usual. However, the road-block did trap thousands of would-be visitors including 80 coaches, carrying 2,000 school children, and more than 100 cars.

For the farmers, who earlier this week were forced to abandon plans to stage a similar

road-block around the French government's congress at Versailles, the Euro Disneyland demonstration was a successful publicity coup.

Euro Disneyland has been left to brace itself for the chilling prospect that it could be a target for future French political protests. "We are still assessing the situation," said a spokesman.

## NEWS IN BRIEF

## India's reforms win aid support

Western donor nations yesterday demonstrated their support for India's economic reform programme by increasing multilateral and bilateral assistance this year by 7 per cent in nominal terms to \$7.2bn, writes David Housego in Paris.

Donor nations, gathering in Paris for the Aid India consortium, intended that their pledges for 1992-93 should be seen by the Indian government as reflecting a need for more rapid restructuring.

Mr Montek Ahluwalia, secretary for economic affairs and head of the Indian delegation, acknowledged this in saying that the government would take "further steps to deepen and intensify the process of structural reform in the next year or so".

## Running-mates eliminated

The choice of Senator Bill Bradley from New Jersey and Governor Anne Richards of Texas for prominent speaking roles at next month's Democratic convention is believed to be a sign that neither will emerge as Mr Bill Clinton's presidential running-mate, Jurek Martin reports in Washington.

The vice-presidential nominee traditionally makes his acceptance speech on the penultimate night of the convention and is not given any other speaking slot. Mr Bradley has been selected as one of the key-note speakers in New York and Governor Richards has been named convention chairman.

## Rail workers end shutdown

Railway employees in the US were returning to work yesterday, after Congress passed legislation late on Thursday which effectively ended the shutdown of the nation's freight system, writes Nikki Tait in New York. The bill provided for an immediate cooling-off period in the dispute, followed by binding arbitration if no settlement is reached in negotiations between rail unions and management.

## Australian merger law

Australia is to introduce tougher merger laws and higher fines for anti-competitive trading practices, reports Emma Tagaza in Canberra. Amendments to the Trade Practices Act are to be introduced in August, including a dramatic rise in maximum penalties from A\$250,000 (£100,800) to A\$10m for companies, and from A\$500,000 to A\$500,000 for individuals. New legislation will also allow the Trade Practices Commission to block mergers and acquisitions that will substantially lessen competition in a market.

## French paper to be sold

La Tribune de L'Expansion, one of France's leading financial newspapers, is expected to be sold within the next ten days, Alice Hawthorn writes in Paris. The Expansion group, which owns La Tribune, yesterday told the newspaper's staff that it was in negotiations with two prospective purchasers for the financially troubled paper. La Tribune, like the rest of the French financial press, has suffered from the slowdown in the French economy and the sluggish state of the Paris stock market.

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## Rabin pledge on freezing settlements

By Hugh Carnegie in Tel Aviv

ISRAEL'S prime minister-elect, Mr Yitzhak Rabin, said yesterday he would freeze Jewish settlements in areas of the occupied territories he does not consider vital to Israel's security. He would also cut off state subsidies to existing settlements beyond that available to equivalent areas within Israel.

The Labour party leader reiterated his support for elections among Palestinians in the West Bank and Gaza Strip to choose "a body that will serve as a self-governing authority". Palestinians had unsuccessfully sought a settlement freeze and such elections from the outgoing government led by the Likud party.

Mr Rabin said he was optimistic he would be ready to present a Labour-led coalition government to parliament when the Knesset resumes in mid-July. Peace negotiations are tentatively set to resume in Rome at the end of July.

Final official results from Tuesday's general election showed Labour's total in the 120-seat Knesset has slipped to 44 from the projected 45. But in alliance with Meretz, a minority pro-peace grouping, and with the support of small Arab parties, Mr Rabin can still command 61 seats.

Labour officials said yesterday they also expected two ultra-orthodox religious parties to join the coalition. Likud, which won only 32 seats, is set for opposition for the first time in 15 years.

Mr Rabin had previously said he would divert the estimated Shk6bn (£660m) the pre-

vious government spent on settlements to investment inside Israel "proper". Yesterday, he said he would impose a "freeze on new settlements in areas I call political settlements" and remove incentives for the settlements, such as preferential mortgage subsidies. "I'm going to cut all the government money budgeted beyond what normal people get."

He hoped this would facilitate Israel receiving \$10bn in US loan guarantees blocked because of Likud's refusal to freeze settlements. However, Mr Rabin repeated that "political" settlements did not include those in the Jordan Valley, the Golan Heights or the Jerusalem area. He would decide on his policy towards these later.

No change would be sought in the format of the current Middle East peace negotiations, but he would change the content. He gave no details beyond saying he supported interim arrangements in the West Bank and Gaza Strip as envisaged in the 1979 Camp David accords with Egypt. This would include elections for Palestinian representatives to negotiations and a Palestinian self-governing authority.

Likud yesterday was digesting the decision by Mr Moshe Arens, the defence minister, to retire from politics. He was considered a leading contender to succeed Mr Yitzhak Shamir, the prime minister, who is also expected to step down soon as party leader. Mr Arens' departure may improve the chances of Mr Rinyamin Begin, son of the late Menachem Begin, Likud's first leader.

## Industrial output tumbles in Japan

By Steven Butler in Tokyo

JAPAN'S industrial output plummeted in May by 8.7 per cent compared to a year ago, the most severe year-on-year decline since 1975, the Ministry of International Trade and Industry said yesterday.

However, it was insufficient to encourage any drop in the high levels of inventories, which rose by a seasonally adjusted 0.4 per cent during the month compared to April. Inventories were 6.5 per cent higher than a year ago.

Shipments declined by 1.4 per cent, month-to-month, indicating that final demand is still declining.

The rise in inventories suggests industrial output will decline further in the months ahead as manufacturers cut production to clear the overhang of unsold goods. Yesterday's figures also bring into question the timing of an expected recovery, which the government expects to come in the autumn.

● Sales at large-scale stores in Japan rose by 0.3 per cent in May, compared to a year ago, MITI said. However, the increases were concentrated in supermarkets, while department store sales declined by 0.7 per cent. The declines reflected consumer preferences for cheaper goods.

## Standard Chartered suspends key man

By R C Murphy in Bombay and David Barchard in London

THE chief executive of Standard Chartered's Indian operations, Mr Parvash S. Nat, has been relieved from duty until the end of the investigation into India's worst-ever securities market scandal.

This follows the arrest earlier this week of nine people, including two leading brokers in Bombay, and the dismissal of two Standard Chartered securities dealers at its Bombay office.

Mr David Gardiner, executive director, corporate banking, will take over until Mr Nat's future is decided.

Standard Chartered, a UK-based international bank, announced on June 12 that it was launching criminal proceedings in India to recover Rs9.9bn (£171m) from brokers and others believed to have defrauded it through the securities market in Bombay.

Last night the bank confirmed Mr Nat had been suspended but declined to comment. His suspension follows an allegation in court yesterday by a lawyer of Mr Arvind Lal, one of the two Standard Chartered dismissed officials, that a cheque for Rs1.04m had been issued by Mr Hiten Dalal, a broker, to Mr Nat's wife.

Mr Dalal was one of the nine people arrested early this week and he and the others are currently petitioning for bail from a special court set up by the Indian government.

The possibility that Mr Nat, one of India's best respected

bankers, may have been involved in the securities market scandal, shocked the financial community in Bombay yesterday. Mr Nat is a career banker in his fifties who has spent nearly three decades with Standard Chartered, holding senior positions in its operations in India and the Gulf. He was previously the manager of the UAE operation in Dubai.

Standard Chartered has already had to make provisions of \$50m against possible losses

as a result of the scandal. Its total exposure is thought to be around \$100m. The total losses to the nine banks hit by the fraud, are thought to total around Rs30.8bn.

Earlier this month, the Indian government gave itself powers to seize the assets of brokers and others suspected of fraud in order to assist Standard Chartered and other banks recover much of the money owed to them without having to resort to court action.

## Rose garden of the east up for sale

Theodor Troev on quality fears as Bulgaria's valuable rose-oil industry changes hands

WHILE thousands of Bulgarians are out in the fields this month harvesting rose petals – the country's most valuable crop – the state rose oil companies are looking for ways to secure the future of this unique industry.

The rose, known as Rosa Damascena, is the only symbol of Bulgaria's manufacturing which has remained unsurpassed for almost four centuries. The Bulgarian rose attar is still essential to meet haute couture perfumes, as well as to some body lotions and pharmaceuticals, because it preserves the scent implanted in the perfume.

Officials from the leading rose oil producing centres – Kazanluk, Karlovo, and Plovdiv – are almost as reluctant to give precise figures on prices or annual output as they were under the old communist regime. Exporters say the current price is about £3,200 a kilo. The Bulgarian attar generally dictates prices on the world market because of its quality. Annual production can be guessed at – the country has about 3,000 hectares of rose fields and from 500kg-1kg of rose oil can normally be produced from one hectare.

Bulgaria and Turkey, its main competitor in this field, are reported to have about 150m rose bushes between them. Other leading producers are Iran, Morocco and China.

Industry observers say Bulgaria is producing more than half the world's attar. It enjoys the right combination of climate and soil in its main rose-growing area, the Valley of Roses, a wind-sheltered valley extending more than 70 miles along the Balkan mountains range. The oil-producing roses grown there flower for only 30 days a year, from mid-May to mid-June, and are picked in the early morning or otherwise the unique aromas disappear.

As thousands of Bulgarians and foreign visitors enjoy the annual festival, industry officials are asking how the political changes in the country may affect the industry.



Oil-producing roses are picked in the early morning to capture the unique aroma

The consequences of restitution of the land to its former owners, which is already taking place, and the future privatisation of state companies, are some of the concerns. The rose oil industry is still 98 per cent state-owned, but the pre-communist owners will have the right to re-claim land once the restitution bill is passed.

Mr Evgeni Hristov, president of the Research Institute of the

Rose in Kazanluk, said he was worried over whether new landowners would buy their seedlings from the institute, which controls the country's rose quality. "Our main task is to keep up the quality of the world-famous Kazanluk Rose that we have been selecting for such a long time," Mr Hristov said.

The institute has been state-owned since it was founded in

1907, but its current administration hopes to transform it into a joint stock company with possible foreign participation. Since economic reforms started last year, the institute has become a state-owned limited liability company, self-financed mainly through the sale of seedlings.

A number of foreign companies have shown interest in the cultivation of roses and other

essential oil crops, such as lavender and spearmint. The Bulgarian Rose Company in Kazanluk has been negotiating with Belgian and German partners for the processing of these crops. An Italian businessman visited the Research Institute of the Rose last week to discuss the production of beauty creams based on Bulgarian rose-processed compositions. Pharmachim, a Bulgarian state-owned joint stock company, is the leading exporter of the country's Rose Gold. Fragrance-producing companies, such as the Swiss-French Givaudan-Roure, the American IFF (International Flavours and Fragrances), the Dutch-British Kuest, the French Charabot, or the British-American Bush Boac Alan are some of its traditional customers. Such companies then deal with the top perfume manufacturers and Bulgaria's attar finds its way worldwide and back to its country of origin as an essential ingredient of Tosca, Opium, or Carverra, to name but a few of the perfumes.

The Bulgarians, who badly need foreign currency for their ailing economy, say they welcome western partnership. They are still cautious, however, when it comes to direct foreign investment and partnership in their most prestigious industry. American companies have been trying to invest in the cultivation of roses, provided there would be offers to buy all the rose oil produced. Bulgaria has been reluctant to make such a deal for fear of over-dependence on one client and loss of its traditional European markets.

Mr Laliyu Chavdarov, production manager of the Kazanluk institute, said he believed strict controls would have to stay as the industry opened to private and foreign investment.

"Such central control may not seem to correspond with the free market principles, but otherwise profit-hungry private companies may ruin the image of our rose oil with attempts to sell sham products," he said.

## US warned on foreign company tax

By George Graham in Washington

PROPOSALS for increasing taxes on foreign companies operating in the US have drawn a sharp attack from the Organisation for Economic Co-operation and Development, the Paris-based grouping of the main industrialised countries.

Joining criticism from several individual European countries, the OECD says the proposals, contained in a draft bill put forward last month in Congress and endorsed this week by Mr Bill Clinton, the presumptive Democratic presiden-

tial candidate, would force the US to violate its tax treaties with other countries.

Mr Jean-Claude Paye, OECD secretary general, has written to Mr Nicholas Brady, US Treasury secretary, to warn that the bill, in its present form, "could have a damaging effect on the future development of world trade and to the long-run interests of the US".

The OECD committee on fiscal affairs, which brings together representatives of the tax administrations of the 24 member countries, complained particularly at a meeting this week about a measure to tax

foreign companies as if their profit margin on gross receipts were at least three-quarters of the industry average, regardless of whether or not they actually made a profit.

This would be a serious breach of the OECD's rules on transfer pricing and could violate the non-discrimination article of some tax conventions, the committee said.

It also singled out measures to limit tax treaty benefits to qualified residents of the treaty country. This could hit, for example, a British subsidiary of a Dutch company.

The tax measures form part

of a bill proposed by Mr Dan Rostenkowski and Mr Bill Gradison, the Democratic and Republican leaders of the House of Representatives ways and means committee, and are designed to help pay for \$1bn of tax relief for US-based multinational corporations.

Aides to the two congressmen emphasise that they do not intend to bring it to a vote this year, but hope by floating a number of ideas to develop a consensus around measures to be included in a tax package next year.

"The bill is very much a discussion draft," one aide said.

## Challenge to German abortion law

By Quentin Peel in Bonn

OPponents of a liberalised abortion law in Germany will challenge it in the constitutional court in Karlsruhe, following a clear majority vote in favour in the Bundestag early yesterday morning.

The Roman Catholic church also promised to continue its campaign to prevent the law being put into effect.

The compromise agreed yesterday by a vote of 357-284, after 14 hours of debate and two hours of voting, would allow a pregnancy to be terminated up to 12 weeks from conception, provided the mother had been given formal counselling at least three days before the operation.

An attempt by a majority of the Christian Democrats and Christian Social Union in the Bundestag to pass an alternative, which would in effect maintain the present highly-restrictive West German abortion law, failed to gain the necessary absolute majority.

A new law was necessary following German unification, to reconcile the virtual abortion-on-demand in east Germany with the western prohibition, unleashing a stormy two-year long debate.

## CIS leaders fail to agree on currencies

By John Lloyd in Moscow

A MEETING of heads of the Commonwealth of Independent States yesterday failed to agree on crucial procedures to establish separate currencies. Disagreement between Russia and Ukraine was blamed for the failure to sign an agreement on the most critical of economic issues between the republics.

Mr Alexander Granberg, the economic adviser to Mr Boris Yeltsin, the Russian president, said last night that the Ukrainian delegation had "put in doubt" the arrangements for transferring cash roubles to Russia when Ukraine introduces its own currency in three months time. Mr Granberg said that the only price Russia was prepared to pay for the roubles was "the cost of printing them".

The disagreement is significant because the issue had been said to have been agreed between Mr Yeltsin and Mr Leonid Kravchuk, the Ukrainian president, in talks earlier this week at Dagomys on the Black Sea coast. Mr Yegor Gaidar, the Russian acting prime minister, said after the meeting that the issue would be discussed again in Moscow on July 6, where he hoped an agreement would be signed.

A deal between the republics on which would introduce their own currencies and which would stay within the rouble zone is now regarded by Russia as crucial to the stability of the rouble.

Mr Sergei Glaziev, the deputy foreign economic relations minister, said yesterday that other republics were simply expanding credit – extended by the Russian Central Bank – to compensate for the extra price of goods provided by Russia.

Russia plans to unify its exchange rate on July 1, and to move towards a convertible currency in September. Mr Glaziev said the unification of the present three exchange rates will mean a saving to the Russian budget of Rb500bn over the remainder of the year as subsidies paid to keep the rouble artificially high for the sake of exporters are cut.

July 1 will also see the introduction of import taxes at a basic rate of 5 per cent, the lowering of some export duties and the auctioning of export licenses.

Western bankers have agreed another 90-day deferral of the principal on the commercial debt owed by the former Soviet Union, writes David Waller from Frankfurt.

## Supreme Court shows liberal face

By Jurek Martin in Washington

THE US Supreme Court ruled yesterday that airport authorities may ban religious and other groups from soliciting for money at their facilities, but may not stop them handing out literature.

In another important ruling, the court found that the state of Mississippi still had not done enough to rectify its history of racial segregation in higher education.

Both verdicts are being minutely examined for hints as

to how the court will rule on the highly controversial Pennsylvania abortion case, a judgment now expected on Monday.

A common conclusion is that the court is not proving as reflexively conservative as suggested by its political heritage, which has been accentuated by the appointments to the bench of presidents Reagan and Bush.

However, there were reports yesterday that the abortion ruling had been delayed until Monday to permit either Justice John Paul Stevens or

Harry Blackmun, who have supported freedom of choice, to write even more blistering dissents over the weekend.

The airports ruling was on a case in which the Hare Krishna sect had challenged a New York ban on their presence at airports.

Passengers at many US air terminals have to run a gauntlet of appeals from religious, charitable and political groups, with a background public address announcement saying that the airport authority was in no way approving of such activities.

The judgments show how finely the court is now divided. It issued two rulings, the first, banning solicitation, determined that an airport is not "a public forum" under the constitution, the second found that to ban leafleting would be to abridge the constitutional protection of free speech.

Justice Sandra Day O'Connor, the first woman on the court and an increasingly influential swing vote, produced laughter in court yesterday when she declared: "If anyone can figure that out, they're doing well."



## NEWS: THE LISBON SUMMIT

## Lisbon fails to solve central bank squabble

By David Buchan in Lisbon

A PLAN to site the headquarters of the European Central Bank in Bonn and its operating arm in London looked likely to founder last night.

The plan by the Portuguese presidency is the first attempt at a solution to emerge publicly in more than two years. However, it puts into play the issue of how the Community is to find a home for six planned new institutions. The issue might be resolved at the next summit in Edinburgh in December.

In advance of last night's discussion by EC leaders of sites, Mr Dieter Vogel, the German spokesman, said it was unacceptable for the central bank's "nameplate to be in Bonn, and the real work to be done elsewhere". Publicly, the UK matches Germany in wanting the whole bank for itself, but in private UK officials admit London would be quite content to get the ECB's foreign exchange arm.

The third element in Portugal's compromise on the bank - a Dutch head for the bank - also failed to win the backing of the Dutch government.

It believes its case for the bank going to Amsterdam was strengthened when that city lost out to London as the site of the European Bank for Reconstruction and Development.

The key to resolving the deadlock has been a deal between France and Belgium over the European Parliament. Portugal has suggested a pledge that the French city of Strasbourg would continue to host a minimum of 12 plenary sessions of the parliament, but that MEPs could hold up to five "extraordinary" full sessions in Brussels, where many deputies find it convenient to be close to other EC bodies.

Other elements of the Portuguese package would place the EC's planned environment agency in Copenhagen, its trademark office (agreed in principle a decade ago) in Madrid, its training foundation (for eastern Europe) in Berlin, and a mooted drugs agency in Lisbon.

Putting the environment agency in Copenhagen would be a clear sop to the Danes, but were Denmark eventually to live off from the Community, Milan could be a candidate for the agency.

More democracy and openness will tempt Copenhagen back into the European game

## Denmark's strategy to rejoin the team

By David Gardner in Lisbon

ONLY more open and accountable decision-making will enable the Community to continue moving forward as 12, Mr Uffe Ellemann-Jensen, the Danish foreign minister, said yesterday.

Denmark would wait to the end of the year before deciding whether to put new proposals to its voters, who narrowly rejected the Maastricht treaty on June 2, triggering a crisis in the EC.

"What we need is more democracy in the institutions, more open decision-making," Mr Ellemann-Jensen said. "We hope that this will lead to a new landscape, where new decisions can be taken."

He said there would have to be "a much clearer situation" on how EC decisions are taken before Denmark could "make concrete suggestions" about how to resolve the crisis.

He would not be drawn on whether his government would hold a new referendum, but said that "political leaders should have the courage to



SUMMIT KICK-OFF: Portugal's prime minister Anibal Cavaco Silva comments on the football scarf of Danish foreign minister Uffe Ellemann-Jensen, while right Germany's Chancellor Helmut Kohl holds up his fingers to indicate that his team would win 3-1

propose changes to their electors."

In saying this he appeared to be hinting at the possibility of renegotiating aspects of Maastricht, a possibility so far firmly ruled out by all 12 governments, including Denmark. Mr Ellemann-Jensen was in shuffling form, arriving at the summit with a Danish football

team scarf and portable television before last night's European championship final against Germany. "If you can't join them, beat them," he said, predicting a 2-1 victory over Denmark's powerful neighbour.

Fear of being smothered by Germany is said to have been one reason why Danish voters

turned against the Maastricht treaty, opposition to which has grown as the Danish football team's surprising run of victories has continued.

Moving back to the EC playing field, Mr Ellemann-Jensen said: "The 11 are playing and we are sitting on the bench right now, but I hope we'll soon be back on the

field."

Meanwhile Mr Poul Schlüter, the Danish prime minister, told his colleagues inside the summit there needed to be much greater democratic control over the decisions taken in Brussels. This meant not only decisions taken by the Commission but by the 12 in the Council of Ministers.

## Germans in deal on Maastricht

By Quentin Peel in Bonn

THE constitution committee of the German parliament yesterday agreed on a new clause on European union to be inserted in the German constitution, opening the way for ratification of the Maastricht treaty.

The German government, however, has reserved its position, and may yet seek to water down the clause, which would significantly increase the powers of the 16 federal states in future EC negotiations.

The compromise requires any future transfer of sovereignty to the European Community to be approved by the 16 states in the Bundesrat, the upper house of the German parliament. That needs a two-thirds majority.

More controversially for the government, it also means involving the states in day-to-day negotiations in Brussels. The government would have to heed the views of the states wherever their authority was affected.

The amendment also includes provision for non-German EC citizens to vote in local elections, and for the powers of the German Bundesbank to be transferred to a European central bank.

## Poorer states face wait for money

By David Gardner in Lisbon

THE EC's poor southern members and Ireland appeared last night to be losing their battle to win firm commitments now from their richer partners on increased financial transfers from the Community budget.

Britain and Germany gained majority support for postponing concrete sums until the Edinburgh summit in December, although both insisted that the commitment to "cohesion" reached at Maastricht still stood.

Fears that delays in agreeing the so-called Delors II finance package could sour public support for Maastricht in the southern countries mean this summit is likely to reaffirm the EC's commitment to cohesion.

In February, Mr Jacques Delors, European Commission president, proposed increasing EC revenue by a third from next year to 1997. This would mean a rise in the budget from Ecu66.7bn (\$48.82bn) now to Ecu87.5bn (\$61.42bn) in 1997, at 1992 prices, yielding an increase from Ecu18.6bn to Ecu29bn in structural and cohesion finance for the poorer member states.

There is wide consensus on the need to step up spending significantly on foreign policy and aid. But Mr Delors appears to be backing down on seeking similar increases for research and training, as part of a more

co-ordinated EC policy to sharpen industry's competitive edge.

Faced with unyielding opposition led by Britain and Germany yesterday, he suggested postponing the overall increase in revenue for two years, with his original proposals coming into effect in 1995-98.

A majority was crystallising around this compromise last night, with Spain, Ireland, Greece and Portugal (with some support from France) holding out against it.

Mr Felipe Gonzalez, Spanish prime minister, said the original Commission proposals were the minimum Spain could accept. Postponement to 1999 would give the impression that economic and monetary union - scheduled for 1997 or 1999 at the latest - was being postponed.

President François Mitterrand said "we have to fulfil all the undertakings of Maastricht, but especially the structural commitments."

The UK, which takes over the EC presidency next week and will have to conclude the debate on EC future financing, said there was still Ecu5.7bn in headroom under the existing budgetary ceiling, without raising it by a third. It added that further cuts in the farm budget, and the net contributions of new entrants to the EC from the Nordic and Alpine countries, would add still further financial flexibility.

## Major sets out British priorities

By Philip Stephens, Political Editor

A DIRECT link between the Community's prospects of rescuing the Maastricht accords and Britain's determination to decentralise EC decision-making was drawn yesterday by Mr John Major.

Sketching out Britain's priorities for its presidency, the UK prime minister said EC leaders must respond to the growing anxieties of European voters about the direction of the Community.

His comments came as British officials said the Danish vote against Maastricht had left Mr Major with an important coincidence of interest between his ambition to decentralise and enlarge the community and his partners' concern to rescue European union.

Mr Major, who underlined his personal commitment to Maastricht, suggested that its rejection by the Danish electorate reflected much wider fears across Europe about the creation of a Brussels "monster" out of touch with popular aspirations.

Brushing off the threat of rebellion by Conservative MPs, he insisted that his government would meet its obligation to ratify Maastricht.

In a contribution to the summit designed to balance his determination to keep Britain at the "heart of Europe" against the concerns of Conservative Euro-sceptics at home, Mr Major set out priorities for the British presidency.

The first was to give "life" to the concept of subsidiarity - the devolution to national governments of powers which had been unnecessarily assumed by Brussels. He told the summit that the Commission should be obliged to give more effective justification for all new legislation and should consider ditching unnecessary or outdated directives.

He suggested that EC governments should supplement that drive to reduce public concerns about the "remoteness" of the Community with much greater efforts to strengthen links between national assemblies and the European parliament in Strasbourg.

In parallel the Community should demonstrate its commitment to a wider Europe by finalising a negotiating position for the first batch of Efta applicants to the Community.

Mr Major said he was ready to meet half-way the insistence of the southern EC states that negotiations on enlargement should not start until the Community had established the "cohesion" fund envisaged at Maastricht.

British officials said the prime minister's refusal to accept an immediate increase in the Community's financing ceiling in no way undercut his readiness to see the establishment of a cohesion fund. Mr Major's position was that there was ample room within the existing constraints to finance cohesion payments for at least two years.



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## NEWS: UK

Ex-finance director also to be questioned

## SFO summons Kevin Maxwell

By Raymond Hughes, Law Courts Correspondent

MR KEVIN MAXWELL and Mr Robert Bunn, former finance director of the Maxwell private companies, have been summoned to interviews by the Serious Fraud Office, the High Court was told yesterday.

Both have been served with notices under section 2 of the 1987 Criminal Justice Act, the court heard. The section gives the SFO power to compel "the person under investigation" or "any other person" believed to have "relevant information" to attend for questioning and to produce documents.

The SFO later refused to confirm or deny that the notices had been issued, saying it did not comment on "operational matters". Peters & Peters, Mr Kevin Maxwell's solicitors, refused to say if he had received a notice, but Mr Bunn's solicitor, Mr Jeffrey Bayes, of Burton Cope-

land, confirmed that a section 2 notice had been served on his client on Wednesday. The SFO had given advance warning of it, Mr Bayes said, adding: "It was done in an extremely civilised manner."

He declined to say when Mr Bunn was required to go to the SFO's offices to be interviewed, other than that it would be "in the coming week".

Service of the notices was mentioned when Mr Ian Maxwell applied unsuccessfully for postponement of a pending High Court case against him.

Immediate judgment is to be sought against him and Kevin Maxwell on damages claims made against them over missing Maxwell pension funds by the provisional liquidators of Bishopsgate Investment Management, from which more than half the £866m pension money may have disappeared. The liquidators, Robson Rhodes, will ask the court for summary judgment against the

brothers on the ground that they have no defence to the claims. The hearing against Mr Kevin Maxwell will be on July 20, that against Mr Ian Maxwell three days later.

The liquidators issued a writ against Mr Kevin Maxwell in December claiming £450m damages. Their writ against Mr Ian Maxwell, claiming unspecified damages, was issued on May 6.

The writs accuse the brothers of breaches of their fiduciary duties and duties of care as directors of BIM. Yesterday Mr Johnny Veeder QC, for Ian Maxwell, asked the High Court to postpone his case until September. He said Mr Maxwell was "fighting on too many fronts" and would not have time to prepare for a hearing on July 23.

Also, Mr Veeder said, Mr Kevin Maxwell and Mr Bunn had been served with section 2 notices and it was "inevitable" that a similar notice would be served on Mr Ian Maxwell.

## Ministers speed moves to change pension law

By Ralph Atkins and Alison Smith

THE GOVERNMENT has responded to pressure over the Maxwell affair by bringing forward to next week the introduction of greater legal powers for pensioners whose pension funds are wound up.

Social security ministers are expected to announce on Monday the implementation of provisions in the 1990 Social Security Act that will make any deficiencies in pension funds a debt upon the employers.

Implementation had been delayed partly because of fears that, in a recession, the extra burden on companies might push some into bankruptcy.

The move has been demanded by Tory and Labour MPs campaigning on behalf of Maxwell pensioners and was hinted at by Mr Peter Lilley,

the social security secretary, in a Commons statement earlier this month.

Ministers are also expected to announce next week the membership of the independent commission to review pension law, led by Professor Roy Goode.

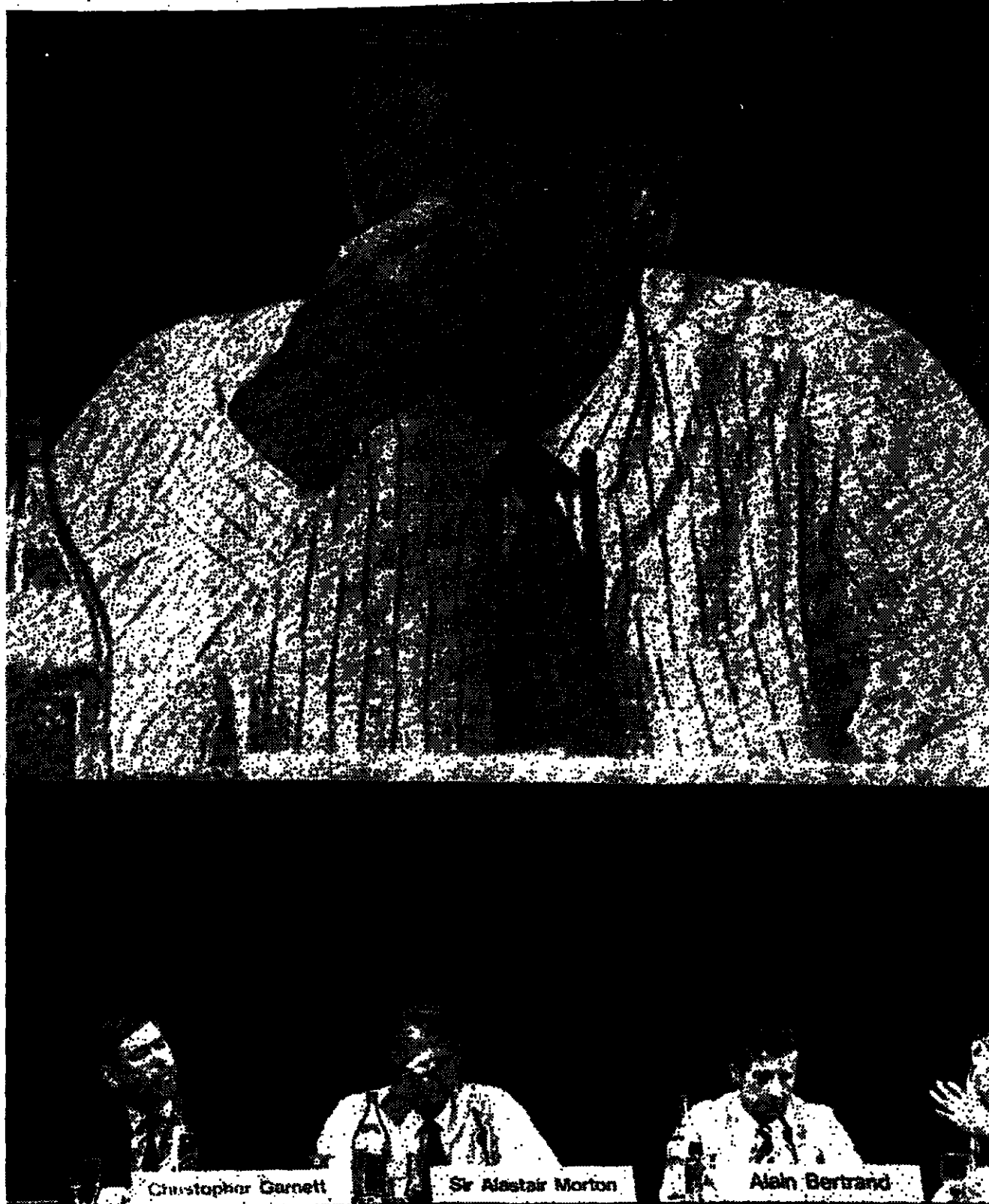
The names of members of the trust set up to solicit contributions on behalf of Maxwell pensioners and headed by Sir John Cuckney are also expected soon.

The social security department hopes soon to announce further donations from institutions that benefited financially from dealings with Robert Maxwell.

schemes. Pensioners will have rights as official creditors to funds that are wound up.

The government hopes the Maxwell pension funds can remain solvent and earlier this month announced £2.5m to "drip feed" the worst affected. Mr Lilley said then that the implementation of the 1990 provisions "may be of marginal benefit to some Maxwell pension schemes". He appears to have rejected opposition MPs' calls for pensioners to become preferential, rather than unsecured, creditors.

Meanwhile, Mr Michael Meacher, shadow social security secretary, is keeping up pressure on the government over its plans for a special unit to recover pension fund assets. He has asked Mr Lilley to set out the unit's objectives in terms of the amount of the assets it expects to recover within a certain time.



Double vision: Sir Alastair Morton, Eurotunnel's chief executive, made use of a video screen when briefing shareholders yesterday on the progress of the Channel link project, Andrew Taylor writes.

Earlier there was chaos, angry scenes and standing room only as an army of shareholders, trekking to Folkestone. About 900 had registered to attend the briefing at Leas Cliff Hall, before visiting the tunnel construction site. In the event 1,500 people turned up, causing frayed

tempers at London's Charing Cross station, where trains had been booked to take shareholders to Folkestone. Mr Derek Foster, a 52-year-old retired local government officer from York, said: "If this is how they organised transporting shareholders to the tunnel then God help us when it opens to the general public." Eurotunnel apologised for any inconvenience but said people had been asked to register by telephone before attending. The meeting, however, was good-hu-

moured. British shareholders in the main have been loyal and criticism of Eurotunnel management was sparse in spite of the recent slide in the share price. Mr Matthew Kemp, a 36-year-old systems programmer for Commercial Union from Surrey, said: "Obviously I would prefer the share price to be higher but I am pleased with the progress that construction is making and I am sure it will be a success in the long term." Picture: Ashley Ashwood

## Stores still set to open this Sunday

THE House of Lords judgment this week, which strengthened local councils' powers to issue injunctions to prevent Sunday trading, is unlikely to result in big changes this weekend, Bethan Hutton and John Thornhill write.

Most of the 400 local authorities in England and Wales have not sought injunctions to prevent retailers opening this Sunday.

Westminster council, which covers some of the country's busiest shopping districts, said that it would take no action this weekend and it would be at least the middle of next week before a decision was taken on whether to pursue offenders.

Reading council said it feared injunctions would lead to appeals and would follow the same tortuous legal path as before.

Safeway, the supermarket chain owned by the Argyll Group, said the ruling was a technical issue solely relating to cross-understandings on compensation to stores should an injunction be overturned.

The judgment regarding Sunday trading, which remains confused and unclear, it said.

This Sunday, Safeway, Tesco, Asda, and J. Sainsbury are also set to open the same stores they regularly trade from on Sundays. Most DIY chains said it would be "business as usual".

## Sales boost for unit trusts

UNIT TRUSTS this year enjoyed their best net sales in May since 1987 while total funds under management reached an all-time high of \$60.5m, according to the Unit Trust Association.

The association pointed out that May's net sales of £235m were greater than the net inflow of £179m recorded by building societies in the same month, and suggested that private investor confidence was finally improving after the damage done by the stock market crash of October 1987.

## Newcastle quay deal signed

THE AGREEMENT for the £183m development of Newcastle upon Tyne's East Quayside was signed yesterday by Mr John Redwood, inner-cities minister.

The deal is between Tyne and Wear Development Corporation and Newcastle Quayside Developments, a wholly owned subsidiary of Amec, the construction, engineering and development group.

## Scottish clubs plan super league

THE TOP five Scottish football clubs yesterday announced plans for an eight-club super league.

Glasgow Rangers, Celtic, Hearts, Aberdeen and Dundee United endorsed a report recommending radical changes to the Scottish football club system.

## Dismissed dockers win compensation

ONE HUNDRED Port of London dockers dismissed during the 1989 national dock strike have won a total of £1.03m compensation after recent settlements, the TGWU general union said yesterday.

The figure does not include higher amounts won by 19 shop stewards found by an industrial tribunal to have been unfairly dismissed.

## Call for action over gas pay offer

UNION leaders are recommending 45,000 white-collar workers at British Gas to take industrial action after rejecting a 4.3 per cent pay offer. Meanwhile, the UCU communication workers' union yesterday rejected a BT offer of 4.1 per cent to 30,000 telephone operators.

## RiverBus funding causes complaints

By John Authers

CANARY Wharf tenants showed further signs of restiveness yesterday, but there was no sign that any companies would follow Texaco in delaying relocation to Canary Wharf.

Anger is focused on payments for the RiverBus service on the Thames.

The administrators have refused to underwrite the service's losses after Tuesday. A consortium of Docklands interests is planning measures to keep the service for another three months.

Several Canary Wharf tenants have joined the scheme while voicing strong discontent. One tenant said yesterday: "If for any reason the

funding for the RiverBus fails, which relies on the administrators putting their share into the pot, then on July 1 there are a number of people who will see the administrators as being in breach of contract. Next week is the time when we will see action of some sort or other."

Several tenants are considering their position, but none appeared yesterday to have decided to follow Texaco's move, which was interpreted as an attempt to put pressure on the administrators.

Another comment was that the estate was not being maintained to the same standard as before the end of May. The development's anchored tenants were, however, all expected to stay in place.

## Cadbury report criticised

By Andrew Jack

THE CADBURY report on corporate governance places too much emphasis on non-executive directors and fails to stress the role of internal auditors, speakers at the Institute of Chartered Accountants annual conference in Eastbourne said yesterday.

Mr Mick Newnham, chief executive of Prudential, the UK's biggest life assurance company, said Cadbury too readily assumed executive directors were the enemies of corporate governance, which he found "disturbing".

While stressing the importance of corporate governance, he said institutional investors should not intervene in the day-to-day running of companies in which they invest, and confine themselves to protecting shareholders' interests.

He said non-executive directors were important, but too few had the independence and experience required to do their job well.

He spoke out against proposals to introduce compulsory rotation of audit firms, determination of fees other than by the management of a company, and audits for interim accounts.

Mr Graham Wilson, managing director of United Newspapers, said Cadbury had sidestepped the issue of requiring companies to report on internal controls. He said internal auditors had an important role to play in financial reporting, but required clear statements of responsibility and effective reporting lines.

Mr Wilson also launched a strong attack on the notion of intangible assets such as brands on the balance sheet.

He said brand valuations were clearly subjective, and that the more scope there is for differing accounting treatments applied to the same facts, the less useful financial reports would become.

Mr Brandon Gough, senior partner at Coopers & Lybrand, said auditors should consider radically expanding the scope of their work while fighting to reduce the extent of their liability.

He was "stung" by allegations that firms had surrendered professional integrity for commercial gain, and concerned at the costs of litigation against auditors.

Mr Gough said there needed to be a balance between fair penalties and encouragement to professionals to give an opinion in an independent and fair way.

## Call to end 24-hour GP cover deplored

By Alan Pike, Social Affairs Correspondent

MRS Virginia Bottomley, health secretary, delivered determined messages to doctors and dentists yesterday. She told the conference of the National Association of Health Authorities and Trusts in Harrogate she regretted a decision by family doctors this week in favour of ending responsibility for 24-hour cover.

She was willing to explore with British Medical Association leaders ways of improving present cover arrangements, but said she wanted to build on rather than dismantle the tradition of 24-hour commitment. "Access to a family doctor 24

hours a day, in cases of urgent need, is one of the hallmarks of British general practice," she said. "I do not want to see it put at risk."

Mrs Bottomley addressed the dispute over dentists' fees. Dentists are balking on action over a proposed 7 per cent reduction in fees which the government says is necessary because earnings are exceeding those recommended by the dentists' pay review body.

Mrs Bottomley said she had written to health service authorities reminding them of their powers to directly employ salaried dentists if necessary. The authorities had a front-line role to maintain an NHS dental service and she expected them to take "whatever steps they must".

## Labour clash over selection

By Alison Smith

THE TWO contenders for the Labour leadership clashed last night after the decision this week by the party's National Executive Committee to postpone the introduction of a one-member, one-vote selection system for parliamentary candidates.

Mr John Smith, the odds-on favourite to become leader next month, insisted that Labour "is capable of making the changes that are necessary" to win the next general election. The party would move to adopt one member, one vote for candidate selection, change the system of electing the leader and modernise its relationship with the unions.

But Mr Bryan Gould, the shadow environment secretary, warned that unless Labour could shake off its preference for "old certainties" and set a new agenda, it ran the risk of losing the next election.

He said: "Unless we can break through this torpor and consciously set out a convincing, radical prospectus for the voters of 1996, we are in danger of facing a further defeat." In a leadership debate with Mr Gould, Mr Smith said Labour needed to show its commitment to practical, positive freedoms and to develop a strategy for "citizenship and community".

"We must offer a path to personal empowerment by encouraging responsibility and participation in a democracy in which power is more widely shared," he said, in an oblique attack on the more "consumerist" nature of the government's Citizen's Charter.

He accused the Tories of trying to present decisions as determined by the market when they were really about political will - for example, their moves to introduce market mechanisms to the health service. The attempt to "take the politics out of politics" would fail, he said, because it ignored the power of vested interests and assumed that markets always worked.

Mr Gould said he expected "immediate and very tough action" but both sides emphasised that the incident would not be allowed to affect friendly relations between the two countries. French fishermen are alleged to have threatened the crews of three British fishing boats and to have damaged their nets in a dispute over fishing rights. Two French trawlers involved were on

their way back to their home port of Concarneau yesterday. Two of the British boats returned to the disputed waters, 16 miles north of the Scilly Isles, to check the damage to their nets and recover what was left. The minesweeper HMS Brecon, whose crew boarded one of the French trawlers, was heading back to Plymouth. A Royal Navy patrol vessel, HMS Alderney, plans to remain in the area as long as the fishermen are there.

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BALANCE SHEET	STATEMENT OF INCOME
March 31, 1992	April 1, 1991-March 31, 1992
(in millions of yen)	(in millions of yen)
<b>Assets</b>	<b>Income</b>
Cash and due from banks.....	Interest income.....
Call loans.....	Interest on loans and discounts.....
Commercial paper and other debt purchased.....	Fees and commissions.....
Trading account securities.....	Other operating income.....
Money held in trust.....	Other income.....
Securities.....	Expenses.....
Loans and bills discounted.....	Interest expenses.....
Foreign exchanges.....	Interest on deposits.....
Other assets.....	Fees and commissions.....
Premises and equipment.....	Other operating expenses.....
Customer liabilities for acceptance and guarantees.....	General and administrative expenses.....
<b>Total assets.....</b>	<b>Income before income taxes and others.....</b>
<b>Liabilities</b>	Extraordinary profit.....
Deposits.....	Extraordinary losses.....
Certificates of deposit.....	Income before income taxes.....
Call money.....	Provision for income taxes.....
Bills sold.....	<b>Net income.....</b>
Borrowed money.....	Retained earnings brought forward from previous year.....
Foreign exchanges.....	Interim cash dividends.....
Convertible bonds.....	Addition to legal reserve.....
Other liabilities.....	<b>Total appropriated retained earnings at year end.....</b>
Reserve for possible loan losses.....	
Reserve for retirement allowances.....	
Other reserves.....	
Acceptances and guarantees.....	
<b>Total liabilities.....</b>	
<b>Stockholders' Equity</b>	
Common stock.....	
Capital surplus.....	
Legal reserve.....	
Retained surplus.....	
Net income.....	
<b>Total liabilities and stockholders' equity.....</b>	

Notes: 1. Accumulated depreciation of premises and equipment: ¥145,595 million  
2. Net income per share: ¥9.53  
3. All amounts are rounded down to the nearest million



## Major to study report on top pay

By Alison Smith

THE CONTROVERSIAL report on pay rises for senior civil servants, military personnel and judges was received by Downing Street yesterday and will be considered today by Mr John Major, the prime minister, on his return from Lisbon. The recommendations by the Top Salaries Review Body follow the first thorough reappraisal of the salaries of those groups of public servants for seven years, and is said to recommend substantial increases.

Originally the aim had been to take the report at cabinet next Thursday, but it has been agreed that the Treasury should have longer to prepare an analysis of the implications, not least for the present round of negotiations on public-sector pay.

The report is now expected to be discussed at cabinet the following week, but cannot be delayed until the cabinet discusses public spending - as is expected in mid July - because the government's decision must be announced to MPs before parliament is dissolved for the summer.

Although by convention the

decision is announced in a written statement, there has to be a parliamentary debate to approve the consequential change to the Lord Chancellor's salary, which is linked to that of the Lord Chief Justice.

In 1986, the last time there was a thorough review, increases of up to 46 per cent were recommended, and in the debate that followed the government's majority of more than 100 was slashed to just 17.

Mr John Townend, the chairman of the Tory backbench finance committee, has been among the Conservative MPs who have already made clear their concern that the pay rises should not be substantial when the economy has yet to come out of recession.

Opposition MPs have tabled a Commons motion rejecting the idea of comparability between senior posts in the public and private sectors because of the job security enjoyed by public servants.

MPs have also made clear that they would resent any attempt by ministers to link the handling of this report with the separate study by the review body, which is proposing an increase in MPs' allowances for office costs.

## City cleans up after IRA bomb

THE IRA claimed responsibility yesterday for the latest bomb attack in London's financial centre, Bethan Hutton writes.

The bomb - left under a car in Coleman Street, near the Guildhall, on Thursday evening - caused minimal disruption to businesses in the City yesterday. No one was injured in the blast, but the bomb left a crater in the street, and glass

was shattered in surrounding buildings.

At Slaughter and May, the solicitors whose offices were worst hit, work was continuing as usual. The company - which had already taken precautions against terrorist attack - said damage was restricted to glass in two meeting rooms and five offices, and a clean-up would make them usable by Monday.

## Threat to timeshare credit licences

By Guy de Jonquieres, Consumer Industries Editor

THE Office of Fair Trading threatened yesterday to revoke the consumer credit licences of six companies associated with Club Riviera, Britain's largest holiday timeshare group.

This is the first time the OFT has threatened such action against a timeshare company. Its action follows complaints about advertising, marketing and sales practices. Loss of consumer credit licences would deprive the companies of the right to arrange financing for buyers of their properties.

Three of the companies, Club Riviera (UK), Club Tenerife Sales and Regency Palm Sales, are subsidiaries of the Manchester-based Riviera group. The group has management contracts with the three other companies, Byefix, Canary Islands Holiday Club and Marbella Beach Club, which are registered in the Isle of Man.

The OFT has given the companies, which specialise in selling timeshare properties in Spain and the Canary Islands, three weeks to argue against the proposed revocation.

Mr Simon Clarke, Club Riviera's sales and marketing director, said yesterday that he did not know why the OFT was threatening action but would seek further information. He said he would seek to retain the companies' licences.

Last September, Club Riviera and Club Tenerife were convicted by Staffordshire magistrates on charges of making false advertising statements.

In 1989 Club Riviera was fined by the Timeshare Developers' Association after allegations that the company was selling flats on the Costa del Sol that were being built without planning permission.

About 90 people complained to the association and the OFT that they paid deposits for flats that were never completed.

## Farewell for Scotland's men of steel

James Buxton on the closure of Ravenscraig and the 800 people made redundant this week

ALLAN RODGERS looks angrily back at the Ravenscraig steel plant. "It's criminal to close it," he says. "It's the best steel plant in Europe. I committed myself to British Steel when I left school and though people told me I was crazy I thought I really had a secure job."

Rodgers, 30, is one of the men who this week have walked out of Ravenscraig for the last time. The final batch of steel slabs was poured on Wednesday. The plant no longer casts a red glow in the night sky outside Glasgow. Today 800 of the plant's last 1,200 workers become redundant.

The closure ends the 35-year life of one of the best known and most controversial industrial plants in Britain. As the strong, fit men, mostly in their 30s or early 40s, walk out, their first emotion is anger rather than anxiety about their future.

"Tell Black Bob Scholey [British Steel's chairman] he's a bastard," says one of the plant's maintenance crew. A man who worked in the drawing office says: "This is only happening because it's in Scotland."

Many still seem baffled that British Steel should want to shut the enormous complex which dominates Motherwell. They see a plant with skills and equipment to make types of steel which, they claim, cannot be produced in British Steel's other plants.

In the past few years the labour force has done everything that was asked of it and repeatedly won company medals for breaking productivity records. One middle manager says: "They've done the dirty on us."

The plant is closing because British Steel needs to make savings in a severe downturn and is concentrating production at its three larger plants in south Wales and Teesside.

"Get on with the future? Aye, but what future?" asks George Quinn, a senior union convener at the plant. "It's not as if there's some great employer out there waiting to employ the men."

That is true, but the Lanarkshire Development Agency, set



Reduced to tears: Archie Kirkwood, a local man, mourns the closure of Ravenscraig yesterday

up last year under the umbrella of Scottish Enterprise, is now leading a big recovery programme: last year it spent £50m on environmental projects, training and business development, most of it in the north Lanarkshire area worst hit by the closure of Ravenscraig and the nearby

Clydesdale tube mill. It will spend the same amount this year.

The EC recently approved the creation of an enterprise zone on 500 acres of land around Motherwell where incoming companies will receive tax allowances and exemption from business rates.

Archie Bethel, LDA chief executive, says: "These are prime sites smack in the middle of Scotland."

British Rail is locating its Scottish terminal for Channel tunnel freight at Mossend, just north of Motherwell. It will employ 150 people and 2,000 more jobs should be generated

in the adjoining freight village - a complex of warehouses and handling facilities.

Some 4,400 steel workers will have lost their jobs by the end of the year and the knock-on effect of the shutdown is expected to cost a further 5,500 jobs. But as a newly paid-off electrician from Ravenscraig admits coyly outside the Era Bar, just across from Ravenscraig: "There's no one that hasn't done very well out of British Steel. In fact I'm glad it's over: it's been a bombshell hanging over us for years."

The men are receiving redundancy pay averaging £20,000 with a few getting more than £30,000. More than half of them have applied for retraining in an EC-financed programme operated by the LDA, which offers them full pay for a year.

They are being launched into a Scottish economy which, although hardly flourishing, is doing better than many parts of England. Unemployment in Lanarkshire was 13.9 per cent last month, lower than that of Glasgow but well above the Scottish average of 9.3 per cent.

David Ivey, a 33-year-old electrician who worked at Ravenscraig for 17 years, has already taken a job with ScotRail in Glasgow. Another electrician has found a job in a factory in Livingston. But Ivey points out that, being tradesmen, they are easier to employ than the production workers, who need to be retrained. "As you reach 50 you can forget it; you're on the scrapheap," he says.

Sean Patton, a 32-year-old steelmaker, looks cheerful as he heads for a course as a heavy goods vehicle driver. John Mackie, 43, and Ken Hanlin, 44, both senior supervisors, are enrolling on courses in total quality management at a college in Hamilton.

The unanswered question is what happens to the 1,000-acre Ravenscraig site. British Steel and Scottish Enterprise are co-operating over a study of how to reclaim the site and devise uses for the severely contaminated land. The LDA believes reclamation may take 10 years and £200m. British Steel has given no commitment to meeting all or part of the cost.

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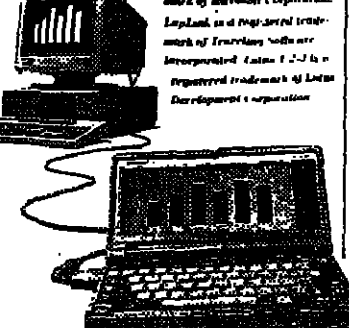
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# Convergence on mediocrity

IF ONE were to encapsulate the message in the latest Economic Outlook from the Organisation for Economic Co-operation and Development, it would be that policy-makers need to get a grip on themselves. Policy is drifting. The legacy of the financial profligacy of the 1980s remains worrying. Equally important are the fiscal problems that the industrial countries are storing up for themselves.

Last year the performances of the major industrial countries diverged sharply, stretching from Japan's impressive economic growth of 4.5 per cent, via Germany's 3.1 per cent, all the way to the US decline of 0.7 per cent and the UK's still deeper decline of 2.2 per cent. This year, by contrast, performance is set to be far more uniform. Unfortunately, it is uniform in its mediocrity.

The OECD believes that the best-performing member of the group of seven industrial countries this year will be Canada, whose economy is forecast to grow at only 2.3 per cent, with the US close behind at 2.1 per cent. Bringing up the rear once more is the battered UK, with economic growth of 0.4 per cent forecast for 1992. Already this looks optimistic. The UK economy may not grow at all between 1991 and 1992.

When vast numbers of households, non-financial businesses and banks have, in effect, bet on another bout of 1970s-style inflation, which - to their credit - policy-makers have not permitted, economic difficulties are inevitable. With about 3½ per cent inflation expected this year in the OECD, as against an average of 12½ per cent in the recession of 1974-75 and 9½ per cent in 1980-82, the disillusionment must be profound. But working through a debt overhang rather than inflating it away, a difficult enough task in any case, is still more difficult with real interest rates as high as today's.

## Financial difficulties

Short term real rates do not seem so high, at least outside Europe. US nominal short rates of below 4 per cent are barely positive in real terms, though those of Japan, at 4½ per cent, still give real rates of nearly 2 per cent. This is quite high enough for an economy facing Japan's financial difficulties, symbolised by the ever-sliding share price index, which closed yesterday more than 50 per cent below its peak in early 1989.

Yet in both the US and Japan, the yield curve - the ratio of short term to long term rates of interest - is at least positively sloped. This is a fairly reliable indicator of the stance of monetary policy and suggests that it is expansionary in both cases.

In western Europe, by contrast, monetary policy is very tight indeed. Not only is the floor for short term rates of interest Germany's 9½ per cent, but the yield curve is still negatively sloped everywhere. In addition, real short term rates of interest range from 5 per cent in Germany to about 7 per cent in France and Italy.

## Monetary policy

So far, so gloomy. But in a much discussed paper, Mervyn King, the Bank of England's chief economist, has argued that investment and much of consumption depend more on long term real rates of interest than on short term ones. Taken to its limits, this would suggest that monetary policy, which works directly on short term rates, is ineffective. But Professor King has a point. Unhappily, it is not as comforting a one as all that.

The real long term rate of interest, which depends on expected rates of inflation for many years into the future, would appear unknowable. The British government has, however, done the world the great favour of issuing index-linked gilts, which currently yield 4½ per cent. In a globally integrated capital market, expected real rates of interest should converge, 4½ per cent may, therefore, give no bad indication of the global long term real interest rate.

It seems rather a high real rate of interest during an economic slowdown - well above the normal growth rate of the OECD economies, for example. Why, one might ask, do borrowers have to pay so much? Professor King suggests that higher prospective returns on investment and lower savings are the explanation.

The decline in savings rates has been a striking feature of the performance of the major economies in the 1980s. But in an economic slowdown one might have expected a lower desire to invest to have offset the lower willingness to save. The latest OECD Economic Outlook suggests an explanation: a marked deterioration in the structural fiscal positions of virtually every significant OECD country between 1989 and 1992, Canada being the sole exception.

High long term real rates of interest that are the result of excellent investment opportunities do not imply poor long term prospects for economic growth. But high long term real rates of interest that reflect low rates of savings, in general, and fiscal deterioration, in particular, certainly do. Strong economic recovery may still be possible, at least outside Europe. But the current high real interest rates are also providing a warning about the growth that might follow that recovery. The mediocrity may endure.

They were anxious to be gentlemanly about it," says a British Petroleum official.

The boardroom coup which ousted Robert Horton from the joint position of chairman and chief executive of BP on Thursday was indeed swift and relatively painless. The messy part came in a confrontation earlier this week. But once the news was broadcast to an astonished world, it was all over and the parties to it maintained a dignified silence. This was broken only by Lord Ashburton, the new chairman, who spoke of the board's "great sadness" at Mr Horton's departure.

Mr Horton spent yesterday at his Thameside home in Oxfordshire. "Life goes on," he told the local newspaper when he slipped across the road to buy the newspapers with his name all over the front pages.

The coup was also a classic display of the way the business establishment dispatches those who have outstayed their welcome. By showing that a board can bring down even a man who holds all the reins of power, it marks something of a triumph for corporate democracy. The intention, of course, was to do BP some good. But while that seemed to be the general expectation in the City yesterday, large questions about the future of the UK's leading, but financially stressed, company have still to be answered - hence the £1.8bn by which the market value of BP plummeted between breakfast and lunchtime yesterday.

Mr Horton's downfall came as a total surprise, as much to senior people within the company as to outsiders. He had only been in the job since March 1990, and even though he made more enemies than friends with his high-handed manner and aggressive cost-cutting strategy, there were few signs of the pressures that were building up in the boardroom.

It transpires that Lord Ashburton, better known as the City merchant banker Sir John Baring, and his non-executive board colleagues, had been nursing misgivings for some time. Not only was BP faring noticeably worse in the recession than its main competitors - profits were down 85 per cent last year - but Mr Horton's personal style was hitting morale and adding to the problems.

The misgivings were strongest among the other business representatives on the board, people like Sir Patrick Sheehy, the chairman of BAT Industries, Dr Carl Hahn, chairman of Volkswagen, and Charles Knight, chairman of the US company Emerson Electric. After sharing their concerns last week, they confronted Mr Horton at the beginning of this week. According to one account of the meeting, Mr Horton quickly understood that he was being given little choice, and offered to resign.

His resignation was accepted at a full board meeting on Thursday afternoon. This was attended by the seven executive directors - the heads of BP's various divisions - who all supported the changes and the new appointments. Although it was the non-executives who took the initiative on Horton's ouster, they seem to have had little trouble in getting the executives on side, a further indication of Horton's isolation.

Lord Ashburton himself appears to have played the key role. Scion of the Baring family and former head of Barings merchant bank, he is a leading City figure and former director of the Bank of England. He is also the longest-serving BP non-

# A classic coup for democracy

Bob Horton's departure from BP supports the view that non-executives can keep executives in check, says David Lascelles

## Boardroom drama: BP non-executive directors



Sir Robin Nicholson



Sir James Glover



Peter Sutcliffe



Lord Ashburton



Charles Knight



Karen Horn



Carl Hahn



Sir Patrick Wright



Sir Patrick Sheehy

executive director with 10 years on the board, which gives him considerable influence. His style is languid. But a banking colleague says: "He has strong feelings about companies being run properly and effectively. He would be the sort of man to act in a situation like this. He has high standards."

The boardroom drama, rare in a UK blue chip company, would rank as a significant corporate event at the best of times. But it also comes at a moment when corporate governance is a fashionable topic, after the recent Cadbury Report on board accountability.

The BP coup showed two things. It reinforces the view that non-executive directors can play a key role in keeping the executive directors in check. BP is particularly strong on non-executives. They are in the majority on the board by nine to eight, and only they sit on the board's auditing and compensation committees which oversee the accounts and directors' pay.

It also bears out the Cadbury recommendation in favour of splitting the role of chairman and chief executive. Even though the British

corporate tradition tends to separate them, the two positions have always been combined at BP. But Mr Horton's dominating style highlighted the dangers of concentration of power. In future BP is to have a non-executive chairman, Lord Ashburton, and a full-time chief executive, Mr David Simon, until now the chief operating officer.

"This creates a good balance," said Mr Simon. "My executives are fully in agreement that the change is appropriate."

But as well as providing for a more balanced distribution of power within the group, the changes are also intended to bring about a shift in style.

Although people inside BP say that talk of Mr Horton's arrogant manner is overdone - he has often shown acts of great personal kindness - his evident enjoyment of power, his lack of tact and irritating name-dropping habit alienated many of his colleagues. Whether this was due to a supreme self-confidence or the exact opposite was a

matter of debate within BP, but it led to much anti-Horton sniping, culminating in a famous spoof of an FT article, put together with evident relish on some internal BP desk-top printer, depicting Horton as a power-crazed eccentric.

David Simon could hardly be more different. A quiet-spoken organisation man who lost out to Horton in the 1990 leadership stakes, he has never had a chance to show the full range of his leadership qualities. But insiders say that while he will be more user-friendly than Horton, he can be just as tough. The adjectives used to describe him are wily, subtle, diplomatic, and knowledgeable about the undercurrents of the British establishment, something for which Horton had little time.

"Simon knows all about dynamic positioning," said an official, referring to the ultra-precise techniques used by floating oil rigs to adjust to ocean currents and winds, and stay stable in a storm. "He has an ability to stay right over the hole. Horton had to be tethered down."

On a broader level, Simon's

appointment may be welcomed. The removal of friction on the board should make it function more smoothly. He is widely approved of by the staff. And the City likes a financial man. But goodwill alone will not be enough to resolve BP's problems. These centre mainly on the group's high level of debt - the result of expensive acquisitions and a share buy-back in the 1980s - and a high cost structure. Ironically, the earlier success of its oil exploration activities has also tilted it towards oil production which makes it more vulnerable to changes in the oil price than companies which have a better balance between their production and retailing sides.

The crucial question is whether the change of faces at the top will lead to changes in strategy - and the message from BP is no. The unpopular cost squeeze instituted by Mr Horton will go on, and so too presumably will the job cuts.

The biggest uncertainty is in the stock market where BP's share price plummeted 14 per cent yesterday on fears of a dividend cut and a possible £1bn-plus rights issue to ease the debt problem.

Industry observers tended to dismiss the rights issue as a danger. Mr Paul Spedding at Kleinwort Benson Securities points out that for tax reasons, it is cheaper for BP to borrow money in the US than to raise more equity capital. "It doesn't make sense," he says.

But they are more divided over the dividend. Under Horton, BP steadfastly refused to cut its payout even though it had to pay part of it out of reserves after the latest fall in profits. By halving the dividend BP could save itself several hundred million pounds a year, reduce its debt, and give itself a fresh start. A cut announced at the interim results in a month could also be blamed on this week's upheaval.

BP's new chiefs are insisting that no changes in dividend policy have been decided. Simon himself is committed to not cutting the dividend. He told an analysts' meeting last September: "We will not, save force majeure, cut our dividend. We have done it only once in our history and that was in the first world war."

What is more certain than dividend policy is another legacy of the Horton era. Simon sent out an internal statement yesterday to senior managers reaffirming the process of cultural change known as Project 1990, and laying stress on greater teamwork and openness. Project 1990 aimed to replace BP's bureaucratic "command-and-control" style of management with one based on a "delayed" structure and a atmosphere of what Horton called "openness, care, teamwork, empowerment and trust". It is also understood that Simon stands by the proposed cuts in BP's corporate and business head offices, which are seen as an integral part of the group's existing strategy.

Simon's fortunes will ultimately depend on the oil price. Horton told investors at the beginning of this year that all BP's businesses had been "tested against \$18 a barrel of oil and found to be robust". Since then a new spirit of co-operation within Opec has helped push the oil price up over \$21 a barrel, which helps. The institutional view in BP is that the price should continue to rise in the long term, though not to dizzying heights. This suggests that this week's drama was only a prelude to better times at BP.

"We aim to be extremely competitive," said Simon, "but we're fighting a difficult market."

## MAN IN THE NEWS: Jacques Delors

# The third phase of Mr Europe

EC leaders have chosen a new man to lead a new European Community for the next two crucial years. His name is still Mr Jacques Delors. But this 66-year-old chameleon has now changed his image from Jacques the Power Grabber into Jacques the Conciliatory Statesman.

This change of mind, if not of heart, made it all the easier for all 12 EC leaders at their dinner last night in the Quilux Palace to give the Commission president an unprecedented fifth two-year term at the head of the EC executive. Even Mr John Major, the UK prime minister, seems confident that Mr Delors is shedding the image that has made him a hate figure for some Conservative back-benchers. Not that Mr Delors is backing away from the high goals of the Maastricht Treaty on political and monetary union. Far from it. But he now realises that the national debates on the treaty have opened up an apparent gap between what the 12 governments were able to negotiate in Maastricht and what European public opinion is able to accept.

Narrowing that gap will be the great challenge of Mr Delors' extra two years as Commission president. Riding on his success is ratification of Maastricht, the possibility of the Community being ready for another integrationist lurch forward at its next planned constitutional revision in 1996, and even Mr Delors' own long-shot chances of a crack at the French presidency.

The Lisbon summit, and the run-up to it, saw Mr Delors apologising for his threat that Denmark's rejection of Maastricht might cost EC farm subsidies. He conceded he had pitched EC spending plans too high. He has dropped ideas of early

institutional change to accompany the admission of new countries into the Community. Above all, he has declared his readiness to return to individual governments some of the powers that have flowed to Brussels over the past 25 years.

Is this just show? Undoubtedly, Mr Delors will feel and behave in a less contrite manner, once the shockwaves of Denmark's Maastricht rejection cease reverberating around the Community. But there are grounds for supposing that Mr Delors has a longer-lasting interest in "subsidiarity". Indeed, it would be in tune with the way that Mr Delors has realised his vaulting ambition for the EC, if, having got a hand on some of the levers of political and monetary power, he were to devote the less enticing duties of implementing and supervising EC law to others outside Brussels.

In fact, this is not the first strategic shift in Mr Delors' Brussels career. It is now possible to see three phases to this:

● Mr Delors arrived in Brussels with ideas about a single currency and common defence, but had to confine himself largely in 1985-88 to the internal market programme. The latter hardly thrilled him. In his off-repeated statement that "one can hardly fall in love with the single market", Mr Delors speaks for himself. But he realised it was an essential building block;

● In 1989-91 his ambitions took off, getting aerodynamic shape in the form of the Maastricht Treaty last December. But, like Icarus, Mr Delors made the mistake of flying too high. The Commission president saw the inevitability of an enlarged Community as an opportunity to float further ideas. One was of a more "political" EC executive



which would not exactly replace the EC's rotating presidency, but which would come to eclipse it as the sun does the moon. But Danish voters nearly shot the treaty, and Mr Delors with it, to the ground.

● In his third phase, 1992-94, now opening, Mr Delors' immediate aim is to keep Maastricht flying. To do this, with a degree of subsidiarity that makes all member states including Denmark feel comfortable, he has hinted he is ready to jettison the purist prospect, held out in Phases One and Two, of a single market.

It is true that, with 90 per cent of the 300 internal market measures already on the EC statute book, the Commission will now be slapping fewer legislative proposals down on the Council of Ministers' table. But there still remains a potential conflict between the single market and subsidiarity. Because member states do not always trust each other to implement faithfully EC laws they have nodded through in Brussels, they often thrust a monitoring role on an unwilling Commission. The danger, therefore, in

handing more responsibilities to governments is that the EC market will become less single. As Mr Delors said this week: "The best [the single market] can be the enemy of the good [subsidiarity]."

Unevenness in the single market, with all this implies in giving some governments and companies an unfair advantage over others, is clearly a risk Mr Delors is now ready to take. Are others, especially Mr Major? But even if Mr Delors now adopts a lower profile, he will still remain Mr Europe, for better or for worse. Some governments would like to cut the Commission down to size. But the history of the Community shows that the Commission has always played an essential role in making the system work.

Will it be up to the sophisticated challenge of now making a more de-centralised system run more effectively than in the past? Some of the burden should fall on the other 16 commissioners. However, there are several pairs of weak shoulders there at the moment. Many may well be kept on by their governments after January 1 1993. In the current climate, Mr Delors is even less well-placed than before to demand a say in any new appointments governments care to make.

So, even though Mr Delors promises to run the Community on a looser rein, he is liable to continue the same autocratic style of management inside the EC executive. This may be a handicap in the "new-look" Community, but it could also be entirely consistent with Mr Delors' future personal ambitions. At present, he is one of the most popular figures on the French political scene. If he makes a success of the next two years in Brussels, he could be nicely poised for the next French presidential election, scheduled in 1995. And the one thing that can be safely said of the Fifth Republic is that no president has ever bothered his head about notions of subsidiarity.

David Buchan and Ian Davidson

MORSE

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	Saver	7.00	5.25	Yearly	£500	inst. - penalty
	Saver	1.15	1.13	Yearly	£1	
	High 30	10.20	7.65	Yearly	Thru	10.15/9.70/300,600/85
	Bonus Interest Bond					High interest with only 30 days notice
Bristol 011 226 67947	Bank 2	10.75	8.06	Yearly	Thru	10.65/9.15 12mths then £1,000 on not with
	Jubilee Bond 2	10.35	7.76	Monthly	£30,001	more in 12 mths, 0.25% loyalty bonus.
	1999 Bond	10.75	8.06	On Maturity	£1	inst. interest 10.65/10.94/7.57 net.
Catholic 011-226 67947	"F" Stars	10.50	7.87	Annually	£1	inst. interest 10.75 31.12.92
County/Refiners 011-556 1713	Top 40	7.88	7.88	Yearly	£2,500	inst to 31.12.92 (10% interest)
Challenger & Gloucester	Golden Years Sls	12.25	9.91	Monthly	£25,000	£10,000 + 11.75%
Convent 0203 252277	MoneyMaker	7.00	5.25	Yearly	£10,000	inst. acc. £3000-4,000, £1,000 - 5.50%
	90 Day	10.55	7.91	Yearly	£25,000	With 90 days notice or penalty
	90 Day	7.00	5.25	Yearly	£10,000	monthly income option.
	Instant Option	10.30	7.72	Yearly	£40,000	inst. access pen.
	Instant Option	9.75	7.21	Yearly	£25,000	Monthly income option
	Instant Option	9.25	6.93	Yearly	£10,000	
	Instant Option	8.50	6.37	Yearly	£5,000	
Hartley	Tenax	10.75	N/A	Yearly	£1	100% inst. 30.26 tax exempt spec. inst.
	90-day Xtra	8.11	6.07	1-yearly	£10,000	90 days, pen.
	90-day Xtra	9.05	6.75	1-yearly	£10,000	inst. where
	90-day Xtra	9.45	7.06	1-yearly	£25,000	£5,000 remains
	90-day Xtra	10.15	7.57	1-yearly	£50,000	
Lancasterian (0161) 4-5 10221	Tenax	10.65	N/A	Yearly	£1	5yr term with 2 interest
	Masterplan	9.70	7.28	Yearly	£25,000	instant access on penalty
	30 Day Notice Acc	7.00	3.03	Yearly	£50,000	with pen. amounts of £5000 w/d pen
Leeds & Holbeck 0532 495913	Plus	9.50	7.13	Yearly	£1	inst. acc. 33 Dec
	Monthly Interest	10.10	7.58	Monthly	£10,000	90 days notice or penalty
	Tenax	11.00	N/A	31 Dec	£1	No transfer/repay or chg. 1% Xtra inst. y 5
Leeds Permanent 0532 430183	Saver	10.25	7.69	Yearly	£50,000	3mths Thrued runs from £500
	Plus	9.60	6.66	Yearly	£10,000	inst. acc. No 1% Thrued rates from £25
	Railway 60	10.50	7.88	Yearly	£50,000	60 days notice
Leeds Permanent 0532 492823	Railway 60	10.50	7.88	Yearly	£50,000	60 days notice
	Railway 60	10.50	7.88	Yearly	£50,000	90 days notice
	Private Reserve	8.15	6.11	Yearly	£2,500	penalty, 20
National & Protector	Option	8.35	6.26	Yearly	£5,000	free withdrawals
	Option	9.15	6.86	Yearly	£10,000	10 to 12m pen. annum.
	Option	9.05	7.23	Yearly	£25,000	instant access above £10K
	Option	10.25	7.68	Yearly	£50,000	interest paid 1 Jan.
	Option	10.50	7.87	Yearly	£100,000	100% inst. access also available.
	Option	10.10	7.58	Annually	£20,000	instant access
	Option	10.14	7.30	Annually	£50,000	inst. access, Thrued Account
	Option	10.00	7.00	Annually	£500	Fixed rate inst. 31/3 1993
	Option	10.75	8.06	Yearly	£25,000	instant access by post.
	Option	10.50	7.88	Yearly	£10,000	
	Option	10.50	7.78	Yearly	£25,000	
Northern Rock 091 205 7931	Monthly Income Acc	10.80	7.42	Monthly	£25,000	Penalty free
	Monthly Income Acc	9.25	6.87	Monthly	£10,000	inst. acc.
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	£10K per month
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
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	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	60 day notice
	Monthly Income Acc	8.25	6.13	Monthly	£2,500	6











## DEC may assemble stake of up to 10% in Olivetti

DEC has agreed to buy immediately just over 4 per cent of Olivetti's stock for £17m, depending on the provisions of the agreement, which will buy a further 1.89 per cent of the company by June next year and another 4 per cent before the end of 1984.

If the plan goes smoothly, DEC will take two of the 19 places on Olivetti's board.

DEC, with total revenues of \$13bn, is the second largest computer maker in Europe; last year it acquired the computer businesses of Philips of the Netherlands and Kienzle of Germany. Its losses last year topped \$600m.

The move gives Olivetti access to DEC's "Alpha" microprocessor technology, which many believe to be the most powerful available.

Alpha is DEC's version of a

**AUTHENTIC Fitness Corporation (AFC), Pentland's US affiliate, is pricing its initial public offering at \$14 a share. This is at the bottom of expectations.**

AFC, which holds the licence for Speedo swimwear and accessories in the US, will use the \$37.7m proceeds from the issue to reduce debt. Pentland's stake in AFC will fall to 25.2 per cent, worth about \$34m at the issue price.

**the validity of Mr Jaggi's offer.**

Mr Frank Farrant, Pentland's finance director, said Pentland, which has long declared its interest in controlling Adidas, had not been informed about the bid. Under the terms of last year's deal, Mr Tapie is not allowed to sell his shares in Adidas unless the offer is extended - at the same price - to Pentland and the financial institutions that hold the remaining shares.

Pentland is also entitled, according to Mr Farrant, to be given "a respectable period of

Underwriters were yesterday scrambling to place shares with institutional investors, but clearly will be forced to hold on to many of the shares themselves.

processed metals with brands such as Bel Paese and Santa Lucia, is now owned jointly by BSN and IFIL. Under the terms of the new agreement, BSN will take control by raising its stake to 60 per cent with an option to buy the remaining shares for not less than the price paid for its extra 10 per cent stake.

The stake disposal represents a significant profit for IFIL, given that it values Galbani, which made sales of L1,730bn last year, at L500m more than it values at L1,340m the L1,340bn that the Agnelli paid for it in 1989. BSN invested in Galbani in summer 1989, initially taking 35 per cent.

For BSN the Galbani purchase is the latest in a series of recent deals in which it is streamlining its investment portfolio. This week alone it has taken control of Alken-Maes, the Belgian brewery, and put two of its Italian mineral waters up for sale.

Meanwhile BSN, together with its allies in the Perrier sale, are awaiting the conclusion of the European Commission's inquiry into the Nestlé bid. The inquiry, which should be completed over the next few weeks, will determine whether Nestlé can proceed with the bid and with its agreement to sell Volvic mineral water to BSN.

market share and cutting costs.

That the meetings passed with so little incident was largely due not to the patience of shareholders, but a change in the law. In previous years, critical questioning was led by *sokaiga* - gangsters who specialise in disrupting company meetings.

Persistent questioning by *sokaiga* could sometimes

The write-down was received calmly, with BHP shares holding steady at A\$14.34 on Australian stock exchanges. Analysts noted that underlying earnings, excluding the write-down, were in line with expectations, falling 2½ per cent to A\$900.6m.

The result confirmed the company's minerals division as its best earner, with a net profit contribution of A\$663.9m, down 21.3 per cent.

The write-down reflects the diminished value of BHP's interest in International Brewing Investments (IBI), the vehicle which holds a 32 per cent interest in Foster's Brewing.

**MICHELIN**, the world's largest tyre manufacturer, is on course for a "big profit" this year after a period of heavy losses and should resume dividend payments, according to Mr François Michelin, chairman.

Mr Michelin also told a shareholders' meeting in Paris that, although the group would eventually like to recapitalise, there was "no urgency" for it to do so. The Michelin share price has for some time been depressed by investors' concern about an equity issue.

Michelin has undergone radical rationalisation, which

**HELLENIC Bottling Company**, the Cypriot-controlled soft drinks group which holds the Coca-Cola franchises for Greece, Northern Ireland and Bulgaria, lifted 1991 pre-tax profits by 45 per cent to Dr10.3bn (\$54.2m), writes Kerin Hope from Athens.

SUGAR - London F0X		(\$ per tonne)	
Row	Close	Previous	High/Low
Jul	241.00	244.00	242.00-241.00
Aug	241.00	218.00	229.00-217.00
Oct	212.00		213.00-208.00
Dec	212.00	206.00	211.00
Mar	212.00	200.00	213.00
May	212.00	200.00	213.00
White	Close	Previous	High/Low
Jul	268.00	268.00	270.00-267.00
Aug	271.00	268.00	270.00-269.00
Dec	269.00	267.40	268.00-267.40
Mar	272.00	271.50	273.00-272.00
May	272.00	273.50	277.00
Aug	268.00	278.70	282.40
Oct	272.00		273.00
Turnover: Raw 135 (282) lots of 50 tonnes.			
White 119 (1340)			
Paris-White (FF) per tonne: Aug 1229.41 C			
1422.51			
CRUDE OIL - IPE			\$/barrel
	Latest	Previous	High/Low
Aug	21.30	21.31	21.45-21.22
Sep	21.58	21.21	21.36-21.18
Oct	21.11	21.06	21.24-21.05
Nov	20.89	21.05	21.11-20.98
Dec	20.89	21.05	21.11-20.98
IPE Index	21.43	21.53	21.01-20.99
TURNOVER 18000 (77795)			\$/tonne
GAS OIL - IPE			
	Close	Previous	High/Low
Jul	193.00	193.00	194.50-192.00
Aug	194.75	193.00	195.25-194.00
Sep	195.75	195.00	196.50-195.00
Oct	196.25	201.25	198.75-195.25
Nov	196.25	201.25	198.75-195.25
Dec	202.00	203.75	203.00-200.50
Mar	202.00	203.75	203.00-200.50
Turnover 8941 (90727) lots of 50 tonnes			

**SPICES**  
 Europe has been flooded with ginger from Nigeria, reports Meno-production, but most of it is of inferior quality. Coshin ginger prices are a little firmer after a late moonsoon, which has also lifted the demand for it. Mumpasa and Siam are

Jan	726		734 718
Mar	748	760	760 745
May	751	776	776 764
Turnover	437	(1983) lots of 5 tonnes	
IOC indicator prices (US cents per pound) for			
Jan 26: Comp. price	46.50 (46.80)	15 day average	46.17 (46.34)

POTATOES - London FOX			£/tonne
	Close	Previous	High/Low
Apr	67.5	67.5	67.5 67.5
Turnover	67 (98)	lots of 20 tonnes.	

SOYABEAN - London FOX			£/tonne
	Close	Previous	High/Low
Aug	122.00	121.00	122.00
Turnover	25 (150)	lots of 20 tonnes.	

RUBBER - London FOX			\$10/index point
	Close	Previous	High/Low
Jun	1110	1116	1110 1105
Jul	995	1008	1005 985
Aug	1016	1030	1020 1015
Sep	1120	1140	1140 1125
Oct	1200	1210	1200
Nov	1240		1240
Dec	1154	1152	1154
Turnover	278 (82)		

GRAINS - London FOX			£/tonne
Wheat	Close	Previous	High/Low
Sep	111.30	111.50	111.75 111.50
Nov	114.25	114.20	114.50 114.25
Jan	117.70	117.00	117.70
May	123.40	123.50	123.55 123.40
Barley	Close	Previous	High/Low
Sep	109.50	109.80	109.50
Nov	112.25	112.25	112.30 112.25
Mar	116.0	116.0	116.10 116.0
May	119.25	119.20	119.50 119.35
Turnover: Wheat	144 (238)		
Turnover: lots of 100 Tonnes			

LONDON BULLION MARKET									
(Prices supplied by N M Rothschild)									
Gold (troy oz)		£ equivalent							
Close	343.90-343.80								
Opening	343.90-343.80								
Morning fix	342.35	181,139							
Afternoon fix	343.50	181,650							
High	343.90-344.80								
Day's low	343.10-343.40								
London Gold Mining Gold Lending Rate (% US\$)									
1 month	3.40	6 months 3.35							
2 months	3.40	12 months 3.45							
Spot fix	1.35								
Spot fix	plm/oz	US 20 oz equiv							
Spot	218.25	405.90							
3 months	218.10	405.90							
6 months	223.50	410.10							
12 months	224.40	425.15							
GOLD DORIES									
(Prices supplied by Engstrand Metals)									
		\$ price		£ equivalent					
Krugersand	343.90-344.00	181.75-182.25							
Maple leaf	354.00-355.00	187.25-187.75							
New Sovereign	84.00-85.00	44.50-45.00							
TRADED OPTIONS									
Aluminium (99.7%)	Calls	Puts							
Strike price \$ tonne Jul	Sept	Jul	Sept						
1150	108	128	3	3					
1250	12	42	3	15					
1350		8	61	77					
Copper (Grade A)	Calls	Puts							
2250	154	138	3	8					
2350	38	66	3	33					
2450	3	22	66	58					
Coffee	Sept	Nov	Sept	Nov					
650	48	73	13	18					
700	32	42	38	35					
750	8	24	72	67					
Cocoa	Sept	Dec	Sept	Dec					
0000	42	72	7	9					

New York				
GOLD 100 troy oz; \$/troy oz.				
	Close	Previous	High/Low	
Jun	342.5	343.2	344.1	342.8
Jul	342.5	343.5	344.0	342.5
Aug	343.9	344.6	345.5	343.5
Oct	347.7	348.4	349.0	347.0
Nov	347.7	348.4	349.0	347.0
Feb	348.8	350.5	351.0	350.0
Apr	351.9	352.6	352.7	352.0
Jun	354.1	354.9	355.0	354.0
Aug	356.8	357.4		356.0
PLATINUM 500 troy oz; \$/troy oz.				
	Close	Previous	High/Low	
Jul	360.0	359.6	362.0	360.0
Oct	368.0	367.8	368.5	367.0
Jan	366.5	366.3	368.5	365.5
Apr	368.0	369.3	368.0	368.0
SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jun	387.4	400.2	0	0
Jul	387.6	400.3	400.5	387.0
Aug	399.3	402.1		
Sep	400.5	403.3	403.5	400.0
Oct	402.1	408.0	408.0	405.0
Jan	408.8	402.7	413.0	411.0
Mar	410.0	412.9	413.0	410.0
May	415.4	418.0	418.0	415.0
Jul	416.8	419.7	420.0	417.5
Sep	420.6	423.5	0	0
HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jun	107.35	107.70	107.25	107.25
Jul	107.35	107.70	107.65	107.15
Aug	107.55	107.90	107.80	107.90
Sep	107.75	108.10	108.15	107.60
Oct	107.90	107.98		
Nov	107.45	108.75	0	0
Dec	107.40	108.25	107.60	107.60
Jan	107.20	107.20	0	0
Feb	106.80	106.80	0	0
Mar	109.30	105.45	106.50	106.20
SUGAR WORLD "11" 112,000 lbs; cents/lbs				

COCOA 10 tonnes/tonnes			
	Close	Previous	High/Low
Jul	961	901	964
Aug	952	933	914
Dec	963	905	964
Mar	1007	950	1000
May	1007	950	1000
Jul	1007	1010	1009
Sep	1005	1037	0
Nov	1136	1077	0
Mar	1175	1117	1130
Jul			127

COFFEE "C" 35,000 lbs/can/bu			
	Close	Previous	High/Low
Jul	57.00	54.75	57.00
Sep	59.00	57.95	59.00
Dec	61.00	60.90	62.25
Mar	64.65	62.70	65.50
May	68.85	67.50	70.20
Jul	71.10	69.85	70.50
Sep	72.75	71.95	72.75

COTTON 50,000 lbs/can/bu			
	Close	Previous	High/Low
Jul	62.25	64.65	66.75
Oct	64.32	64.32	64.50
Dec	63.37	63.42	63.75
Mar	64.65	62.70	65.50
May	65.15	65.00	65.15
Jul	65.20	65.25	0
Sep	64.13	64.13	0
Dec	64.03	64.03	64.01

ORANGE JUICE 15,000 lbs/can/bu			
	Close	Previous	High/Low
Jul	127.90	127.35	127.80
Sep	116.85	117.05	117.05
Nov	116.85	116.85	116.85
Jan	112.80	112.55	114.80
Mar	112.55	112.25	113.00
May	112.55	112.55	113.00
Jul	112.25	111.75	0
Sep	112.25	111.75	0
Nov	112.25	111.75	0

INDICES			
REUTERS (Base: September 18 1921 = 100)			
	Jul-26	Jul-25	Mar-24 - Jul-26
100	100	100	100

[illegible]

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## LONDON STOCK EXCHANGE: Dealings

FINANCIAL TIMES WEEKEND JUNE 27/JUNE 28 1992

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system.

They are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. † Bargains done the previous day.

## British Funds, etc

No. of bargains included 2019

Guaranteed Support Finance Corp PLC

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## LONDON STOCK EXCHANGE

## Leading equities trim early losses

By Terry Byland  
UK Stock Market Editor

THE DRAMATIC developments overnight at British Petroleum faced an immediate and brutal reckoning on the London stock market yesterday. Nearly £1.9bn was wiped off the market capitalisation of BP as institutional investors shied away from the danger that one of Britain's largest companies might cut its dividend payout, and many leading shares fell heavily as analysts spotlighted other companies where the dividend could be at risk. But the initial setback across the stock market was trimmed later, and the day's loss on the FT-SE index was held to under 84 points. Government bonds gained half a point in good

Account Dealing Dates	First Dealings	June 25	June 26	June 27	June 28
Options	June 25	June 26	June 27	June 28	June 29
Options	June 25	June 26	June 27	June 28	June 29
Options	June 25	June 26	June 27	June 28	June 29
Options	June 25	June 26	June 27	June 28	June 29

trading, with Index-linked issues standing out well. "The BP story is not over yet," was the general view in London. A statement from the BP board on dividend prospects is regarded as inevitable next week, perhaps at a meeting with UK analysts which was arranged some time ago. Particularly worrying is the outlook for BP shares in New York, where US investors are

likely to be highly sensitive to the perceived threat to the dividend.

However, the reaction across the broad range of the market was better than feared. After plunging by 32 points in early trading and falling to hold a rally at mid-session, the FT-SE index ended the session 23.2 down at 2,534.1. The stock market was helped by a strong performance from the futures sector where the September contract on the FT-SE index held a good premium.

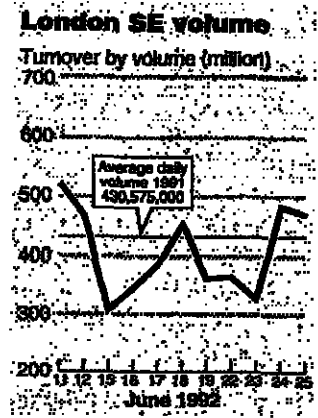
About 11 points of the fall represented the drop of 34p in BP and the index was also hit by hefty setbacks in a handful of other Footsie constituents. Wellcome tumbled as the prospects for next week's share sale were clouded by the new

threat to the market. And the search for dividend-sensitive stocks brought losses for, among others, Fisons, Barclays Bank and British Steel.

At last night's close, the Footsie index showed a loss of 27.5 points over the week and of 46.4 points or 1.8 per cent over the two week trading account. The setback has reflected concern over weakness in the Tokyo market, which again provided a nervous backdrop for London yesterday morning, and also over sluggishness in the UK economy. But many analysts argue that the UK equity market offers good value at current levels.

Seag volume, boosted by heavy trade in BP, rose to 687.5m shares yesterday.

After initial uncertainty, customer business in equities has risen sharply this week as the institutions have reshaped portfolios in a falling market.



## FINANCIAL TIMES STOCK INDICES

	June 25	June 26	June 27	June 28	Year Ago	High	Low	Since Completion
Government Secs	88.91	88.73	88.83	88.55	88.43	88.82	85.11	127.40
Fixed Interest	104.57	104.53	104.34	104.26	104.33	105.92	97.15	105.92
Ordinary Shares	1963.9	1964.5	1979.9	1988.7	1988.4	2146.7	1881.4	2146.7
Gold Mines	94.7	95.3	94.8	97.1	98.7	107.5	84.5	107.5
FT-SE 100 Share	2534.1	2537.3	2532.8	2500.8	2500.3	2737.8	2382.7	2737.8
FT-SE Euroshare 200	1179.25	1186.56	1178.68	1185.92	1186.61	1248.79	1120.52	1248.79
Ord. Div. Yield	4.69	4.63	4.68	4.62	4.65	4.96	4.34	4.96
Earning Yld % (Apr)	6.57	6.79	6.83	6.77	6.83	7.71	5.73	7.71
FT-SE 100 Share	18.27	18.45	18.35	18.45	18.34	18.42	17.92	18.42
SEAG Bargain 5.00pm	28.510	21.768	21.183	21.078	21.224	25.739	18.510	25.739
Equity Turnover (3m)	1077.5	1198.0	1051.1	948.3	1768.2	1768.2	948.3	1768.2
Equity Bargain	24.959	23.318	23.843	25.058	25.804	35.555	18.510	35.555
Share Traded (m)	473.8	481.4	326.1	356.5	476.5	476.5	326.1	476.5
Ordinary Shares Index, Hourly changes	Day's High 1979.9	Day's Low 1988.4	Day's High 1988.7	Day's Low 1988.4	Day's High 1988.7	Day's Low 1988.4	Day's High 1988.7	Day's Low 1988.4
FT-SE 100, Hourly changes	Day's High 2537.3	Day's Low 2500.8	Day's High 2532.8	Day's Low 2500.8	Day's High 2532.8	Day's Low 2500.8	Day's High 2532.8	Day's Low 2500.8
FT-SE Euroshare 200, Hourly changes	Day's High 1186.56	Day's Low 1178.68	Day's High 1185.92	Day's Low 1178.68	Day's High 1185.92	Day's Low 1178.68	Day's High 1185.92	Day's Low 1178.68

## GILT EDGED ACTIVITY

Gilt Edged	Bargain	Index
3-Day average	93.7	90.9

\*SE Activity 1974.

Excluding intra-market

business and Overseas turnover.

London report and latest share index.

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minute, cheap rates, 48p/minute at all

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## Heavy setback in BP

THE COLLAPSE of British Petroleum (BP) shares following Thursday evening's stunning resignation of Mr Robert Horton, chairman and chief executive, came as no surprise to marketmakers in London after a slide in the US overnight.

The price opened at 205p, compared with the previous day's close of 243p, and shaded to 204p in a frantic trading session before stabilising and closing a net 34 down at 209p. Some determined buying of the shares was believed to reflect large scale support from a number of institutions from the UK, but not from the US, according to dealers. Turnover was a massive 110m shares.

Many analysts continued to take the view that the company would cut the quarterly dividend when it announces its second quarter results in late or early August. But there was debate as to the size of any reduction, with one leading brokerage house suggesting that the dividend is likely to be maintained.

The oil team at County NatWest said Mr Horton's resignation was "not a specific signal that the dividend will be cut" but cautioned that with BP "overvalued and overdistributed", ultimately a rights issue and/or a dividend cut will be needed. "Worries about the need for a rights issue have been circulating in the market."

It was also said that any cut in BP's dividend would be very badly received in the US. American investors have been big buyers of BP in recent months and are now thought to hold getting on for 10 per cent of the equity, or around 500m shares. One sector analyst commented that "if BP cut the payment then a lot of those shares will be on their way back across the Atlantic in double quick time." BP director Mr Steve Ahearne is scheduled to address a meeting of the Society of Investment Analysts in London on Tuesday.

## Wellcome hit

Pharmaceuticals group Wellcome hit its lowest level this year as dealers focused on reports that US scientists had made an important discovery

in the development of an AIDS drug which would compete with Wellcome's Retrovir.

Scientists at Yale University claim a drug called Nevirapine has fewer side effects than Retrovir, which represents a fairly small proportion of Wellcome's turnover but has a high profile because of AIDS. Wellcome said it foresaw no threat to its drug from the findings.

The shares were down 37 at one stage and closed 27 off at 887p as brokers involved in the forthcoming share flotation began their global road show of presentations yesterday. Some traders fear weak stock market conditions could force Wellcome Trust to cut the price of its £33m international share offer.

The shares also responded to a weak dollar and speculation that County NatWest, the only significant UK broker not involved in the flotation, had turned negative. However, County said it had been a holder of Wellcome since November and had not changed its stance.

The rest of the pharmaceuticals sector came under pressure in the wake of Wellcome's slide. Fisons fell 18 to 195p, with US house Salomon Brothers said to offering stock. Glaxo shed 14 to 63p and SmithKline Beecham eased 6 to 873p.

Trouble continued to dog

British Aerospace (BAe), as its broker Hoare Govett downgraded the group, although the house remains a buyer of the stock. Hoare refused to detail its revised figures, but talk in the market suggested that it had halved its pre-tax forecast to some £75m, before any provision.

One factor in the Hoare calculations was uncertainty surrounding the future of BAe's regional aircraft business. Mr Nick Cunningham at Strauss Turnbull commented: "BAe remains a buy for the brave. It is difficult to put any figures to the group until it can provide some solid information. Until then, the inevitable uncertainty will be reflected in the share price." BAe shares dipped 10 to 262p.

Shell was a big beneficiary of the BP weakness, with the shares moving up 4 to 505p on turnover of 4.5m. There was hectic trading in Lloyds which settled a fraction higher at 177p on heavy turnover of 13m shares after the ultimately successful outcome of the public offering of the downstream interests acquired when it took over Ultramar.

A broker downgrade upset Barclays shares which dropped sharply to close 12 off at 339p on turnover of 4.9m.

Sedgwick was a big casualty in the insurance area of the market as an institutional

seller of a block of 5.9m shares at 174p, well below the ruling market price, saw the stock retreat to close a net 8 off at 181p. Turnover totalled 14m shares. Willis Corroon fell in sympathy, closing 12 lower at 220p.

The market's anxiety over the possibility of a cut in BP's dividend prompted a wave of support for utilities where dividends are seen as safe and above average.

Regional electricity stocks attracted strong support with Northern 10 higher at 344p, while Eastern rose 7 to 280p and Manweb 6 to 365p.

Kleinwort Benson was said to have been a big supporter of the water sector. Severn Trent was the pick of the water stocks, the shares improving 8 to 412p, as did Thames to 409p.

A trade press report that Rolls-Royce may be interested in Allison, the General Motors gas turbine subsidiary, was poorly received in the market. The shares lost 2 to 153p as wary traders eyed the suggested \$750m price tag with caution, arguing that Rolls would need to issue paper to make such an offer.

Boardroom changes shook HM Group, the shares plunging 8 to 233p in heavy turnover of 4.2m.

Poor German car registration figures for May knocked GKN, which tumbled 17 to 369p in exceptional turnover of 3.7m.

Reuters continued to respond to the launch this week of Globex, the international after-hours screen trading system. The shares were up 8 against the market at 1136p.

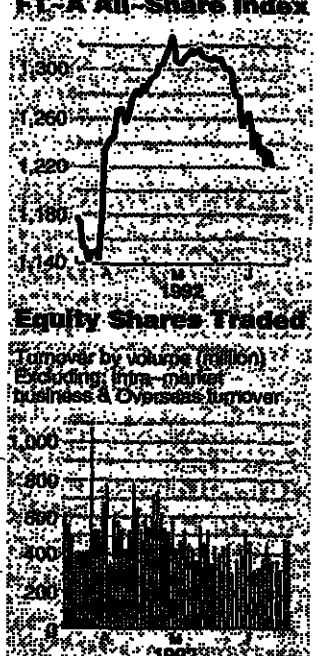
Motor and financial services group Incheape slipped 17 to 463p on talk of a stock overhang and some profit-taking after recent strength.

One dealer said a line of 2m shares had been overhanging the market. Kleinwort Benson analyst Mr Bob Carpenter said the motor distribution market has been difficult in the first half of the year and a weaker US dollar had an adverse impact on sentiment.

Specialist chemicals company BTF fell 10 to 229p following disappointing annual results this week. Hoare Govett has cut its forecast for the year ending March 1993 by 25m to £22m.

International drinks groups were hit by downgrades from Smith New Court. Allied-Lyons slipped 3 to 622p, with Grand Metropolitan losing 6 to 545p. Mr Mike McCarthy, analyst at Smith New Court, said

## FT-SE All-Share Index



the forecasts had been cut for all three against a background of falling spirit sales in Britain and the US and possible exchange rate losses, because of a weaker dollar against sterling.

## MARKET REPORTERS:

Christopher Price, Steve Thompson, Peter John, Colin Millham.

Other market statistics, Page 9

## BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week	Month
AUSTRALIA	10.000	10/02	106.4171	+0.008	8.74	8.22	
BELGIUM	9.000	06/01	100.5500	+0.150	8.91	8.91	
CANADA *	8.600	04/02	102.3500	-0.100	8.14	8.10	
DENMARK	9.000	11/00	99.5900	+0.080	9.05	9.15	
FRANCE	8.800	09/97	98.1231	+0.111	8.98	8.88	
GERMANY	8.500	11/02	100.0700	-0.050	8.77	8.77	
GERMANY	8.500	01/02	99.9000	-0.050	8.05	7.97	
ITALY	12.000	05/02	99.9000	+0.260	13.147	13.20	
JAPAN	10.119	09/98	98.5422	+0.500	5.49	5.50	
NETHERLANDS	8.400	03/00	100.2008	+0.170	8.57	8.60	
NETHERLANDS	8.350	02/92	98.4200	+0.000	8.82	8.88	
SPAIN	11.300	01/98	98.1000	+0.300	11.42	11.51	
UK GILTS	10.000	11/02	102.25	+0.025	8.29	8.17	
UK GILTS	9.750	09/02	102.05	+0.025	8.17	8.12	
UK GILTS	8.000	10/05	99.31	+0.032	8.00	8.05	
US TREASURY *	7.500	05/02	100.18	-0.022	7.14	7.23	
US TREASURY *	9.000	11/21	100.15	+0.032	7.78	7.83	
US TREASURY (Govt)	3.500	02/02	97.1100	+0.220	8.95	8.97	
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London closing, \*includes New York morning session. Yield: Local market standard.



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Compiled with the assistance of Lautro §§

**OFFER PRICE:** Also called issue price. This

offer and bid prices is determined by a formula laid down by the government. In practice, most will

**TIME:** The two shows starved the fund

1700 hours, (4) - 1701 to midnight. Daily dealing  
prices are set on the basis of the volume

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Continued on next page



● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute (at night) 11p and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

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FINANCIAL TIMES WEEKEND JUNE 27/JUNE 28 1992

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1. 凡在本行开立存款账户的客户，均可向本行申请开立支票。  
 2. 支票的有效期为自签发之日起六个月内。  
 3. 支票的金额不得超过账户余额。  
 4. 支票的签发人必须为账户持有人。  
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## WORLD STOCK MARKETS

## AMERICA

## Dow stuck in narrow range at midsession

## Wall Street

US share prices remained stuck in a narrow range, reflecting investor uncertainty about the outlook for the economy, corporate earnings and domestic equities, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was 2.67 lower at 3,281.34. The more broadly based Standard & Poor's 500 was also a shade lower at midsession, losing 0.34 to 402.88 while the Nasdaq composite index was down 0.99 at 547.21. Volume on the NYSE at 1 pm was 108.6m shares.

Although the Dow fell 10 points in the opening minutes, the market soon settled into the pattern established this week: every time shares fall far, buyers step in to bring them back to earlier levels, and every time shares rise substantially, a wave of selling quickly erodes most of the gains.

The day's only economic news - a 0.3 per cent increase in personal income and a 0.5 per cent rise in personal consumption during May - had little impact. Recent indicators of economic weakness have boosted hopes for an interest rate cut, but no one is confident enough to buy stocks in anticipation that the Federal Reserve will ease policy.

Total was the most heavily traded stock, rising 3 1/2 to 22 1/2 in turnover of 15.5m shares valued at \$170.4m.

In a firmer banking sector, Canadian Imperial Bank of Commerce rose 3/8 to C\$27.75, Toronto Dominion gained C\$1/4 to C\$27.75 and Bank of Montreal rose C\$1/4 to C\$24.50.

Also in the oil and gas sector, Offshore Pipelines plunged 3/8, or more than 20 per cent to \$11 on a warning from the company that fourth quarter revenues and earnings will be short of expectations, and Oceanair International firmed 3/4 at \$13.47 after the broking house, Robinson-Humphrey,

added the stock to its "best buys" list, citing strong earnings momentum.

Dover Corp fell 1 1/2 to \$39.94 after the engineering company warned that its second quarter operating income would be flat compared to a year ago, and that net income would be below 1991's total because of a charge.

On the Nasdaq market, Microsoft dropped 1 1/2 to \$68.12 after two Wall Street broking houses downgraded their ratings for the stock. Dean Witter Reynolds lowered its rating from "buy" to "neutral/hold" and Kidder Peabody reduced its grade in a similar fashion.

The analysts are worried about the effect of price competition in the market for Windows software, and slowing demand for products in Europe on Microsoft's earnings.

Sequia Systems fell 1 1/2 to \$3.94 in active trading after the company said that it expected a record fourth quarter and full-year earnings "significantly below" the high end of analysts' forecasts.

**Canada**

TORONTO stocks remained at higher levels at midday after a sharp opening rebound from losses earlier this week. The TSE 300 composite index was up 17.5 at 3,352.0. Advances led declines by 218 to 187 in volume of 15.5m shares valued at \$170.4m.

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## Saying goodbye to the 1987 stock market crash

Adrian FitzGerald suggests that fund managers should be able to peep out from behind their parapets

There will be gleeful rubbing of hands at the end of 1992, whatever happens over the next six months. Why? Because the effects of the 1987 stockmarket crash will fall out of most long-term performance statistics.

Few will forget the euphoria of the pre-crash 1986. By mid-1987, UK fund managers could boast proudly of long-term returns from their equity portfolios of almost 35 per cent on an annualised basis. Fund managers heavily invested in Japan could point to a sustained performance in that market averaging over 55 per cent a year. Anyone sitting with money in the bank was on to a loser. Or so it seemed.

Performance statistics have looked very different over the five years since then. Cash has been the winning UK asset over the last five years, outperforming both gilts and equities. Sterling returns from overseas equity markets have been almost precisely zero. And anyone looking for a dinner party ice-breaker might like to note the interesting fact that UK bank deposits have outperformed Japanese equities by 250 per cent since the mid-year point five years ago!

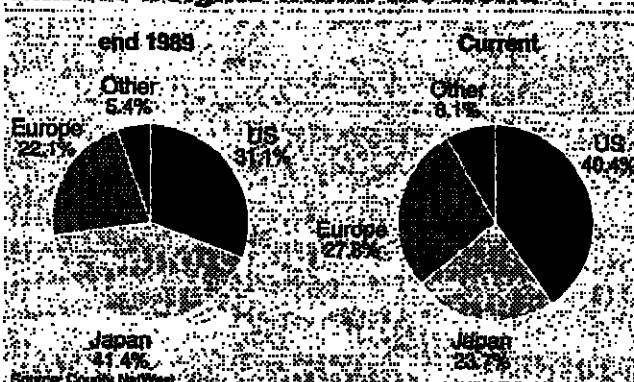
Yes, the real grief has been experienced in Japan. That market has fallen 60 per cent from its high point in December 1989 to its recent low.

Those investors heavily exposed to Japan and who are now desperately searching for indications of cheapness will find little consolation in the fact that the market still yields only 1 per cent. Nor will they feel comforted by the realisation that the market has to climb by 150 per cent simply to get back to where it was. The mathematics of investment is always fascinating, but it can also be very cruel.

Another mathematical consequence of the Japanese market's dramatic decline is that its capitalisation is now less than that of the combined European markets. Europe comprises almost 28 per cent of the FT-A World Indices compared with a figure of just under 24 per cent for Japan. Japan has had the larger capitalisation for the last nine years. The US market weighting relative to that of Japan also shows a substantial increase. It is almost 17 per centage points higher after being more than 10 percentage points lower just two and a half years ago.

Certainly, any of the funds rumoured to have moved money into Japan in the latter part of 1991 will not have enjoyed the last six months. But the typical UK-based pension fund has nothing like the same exposure as the FT-A World benchmark. WM Com-

## Market weights within the world



pany figures suggest that approximately 6 per cent of total equity exposure is to Japan, with a further 7 per cent invested in Continental Europe.

Given this distribution, most pension fund managers should record at least some modest progress during the first half of 1992. UK equities - by far their biggest asset class - notched up a new peak in May and have produced an overall return of 6 per cent. Sterling returns from Japan, the US and Continental Europe have been minus 28 per cent, minus 2 per cent and 5 per cent respectively.

And what a difference it would make to those five year

performance figures if equity markets were to regain some upward momentum over the next six months. The second half of 1987 will drop out of the reckoning, to be replaced by the second half of 1989; the long-term returns from at least some equity markets may start to show a modicum of respectability; and fund managers should at last be able to peep out from behind their parapets.

STERLING TOTAL RETURNS (annualised %p.a.)		
	5 yrs to mid-1987	5 yrs to mid-1992
UK equities	34.9	6.1
UK gilts	15.6	9.4
UK cash	10.1	12.5
Japanese equities	55.6	-12.6
US equities	30.3	5.8

Source: County NatWest WoodMac

coming out of Japan is still depressing. The same is true in the UK, where any economic growth at all this year would come as a pleasant surprise.

The result of the recent Danish referendum has also added to uncertainty and places a large question mark over successful, united progress in Europe. The Irish equivalent has raised some hopes that all is not lost; however, there can be little doubt that European markets will continue to feel the effects of the current impasse.

But it is Wall Street which could prove to be the most vulnerable during the second half of the year. Signs of economic recovery and a pick-up in corporate borrowing suggest that we are close to the bottom of the interest rate cycle. Rates are likely to start trending upwards later in the year. On top of this are the increasing political risks, including the possibility that a determined Ross Perot could well cause more than a few upsets come

November. The only certainty is that investors in the US market are in for a bumpy ride in the second half.

It would be wrong nevertheless to paint too bleak a picture. One lesson the stockmarket crash of 1987 should have taught us all is that it is optimism and euphoria that we should really be wary of, and there is precious little of either about at present. Indeed, the level of gloom is such that cautious investors can only be seeing buying opportunities. And long-term investors know that very little has to be achieved for their performance figures to become so much better by the year end.

Farwell, then, the stockmarket crash of 1987.

Adrian FitzGerald is Director, Equity Research, at County NatWest WoodMac.

Footnote: All 1992 stockmarket statistics have been calculated to the close of markets at 24/6/92.

## EUROPE

## German carmakers fall on lower domestic registrations

BOURSES closed the week on an easier trend, writes Our Markets Staff.

FRANKFURT lost faith in carmakers following lower-than-expected domestic car registrations. BMW dropped DM12.50 to DM55.5 and Volkswagen to DM12.30 to DM38.6.

Turnover was flat at DM5.2bn as the FAZ and DAX indices dropped 0.2 to 625.65, and 10.76 to 1,754.13 for falls on the week of 1.4, and 1.1 per cent respectively.

Other blue chip fallers included Viag, down DM7.50 to DM39.70 in a delayed reaction to Thursday's disappointing progress report from its pack-

FT-SE Eurotrack 100 - Jun 26								
Hourly changes								
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close	
1144.15	1144.86	1145.43	1146.14	1145.30	1144.74	1144.59	1145.05	
Day's High 1146.14				Day's Low 1143.73				
Jun 25	Jun 26	Jun 27	Jun 28	Jun 29	Jun 30	Jul 1	Jul 2	
1148.67	1145.09	1146.49	1148.49	1148.77	1148.77	1145.88	1154.68	
Base value 1000 (28/05/02)								

Base value 1000 (20/10/89).

aging subsidiary, Schmalbach-Lubeca, and Mannesmann, which denied rights issue rumours but still fell DM9 to DM28.60.

PARIS retreated after Thursday's gains, as Générale des Eaux generated about one-quarter of the day's business.

Société Générale fell FF14.60 to FF495.49 after Moody's, the US credit rating agency, placed its long-term deposits and long-term debt under review for possible downgrading.

Total rose 30 centimes to FF232.5 on news that the government's sale of a stake in the oil company was oversubscribed.

MILAN closed at another 1992 low as the long wait for a new government continued. The Comit index fell 4.09 to 462.12, down 1.7 per cent on the week, in turnover estimated at near Thursday's 1.78.9bn.

Shares in the Olivetti and De Benedetti holding companies,

Cir and Cofide, were suspended at the start of trading. Olivetti said that Digital Equipment was paying £4,500 per share for 4.03 per cent in Olivetti and that Digital's stake would eventually reach 10 per cent.

After the close, Moody's said it had cut the senior debt rating of San Paolo di Torino and Credito.

AMSTERDAM was depressed by a lower dollar as the CBS Tendency index fell 0.8 to 123.9, down 2.1 per cent on the week.

The ousting of Mr Robert Horton as BP chairman brought Royal Dutch into closer focus since it, too, has maintained dividend payments

throughout a tough period of low oil prices. Royal Dutch lost £1.30 to £151.60.

ZURICH heard bad news from the market, where the SMI index fell 10.3 to 1,855.5, 1.8 per cent lower on the week, but good news from the carmaker, SMI, which said that its profits had risen by 300 per cent in the first five months of this year and saw its shares up SF70 to SF125.00.

OSLO, down for the 14th consecutive session a week ago, was still not sure it had touched bottom yesterday with the all-share index 5.73 lower at 404.76 for a drop on the week of 2.5 per cent.

## ASIA PACIFIC

## Nikkei at lowest level since May 1986

## Tokyo

ARBITRAGE selling once again depressed share prices, and the Nikkei average fell to the lowest level since May 1986, writes Emilio Terazono in Tokyo.

The index closed down 330.99 at 15,812.73, 4.3 per cent lower on the week, having risen to the day's high of 16,227.22 in the morning on bargain-hunting, and fallen to a low of 15,759.74 in the afternoon.

Volume remained low at 240m shares, down marginally from 249m. Declines led advances by 660 to 274, with 178 unchanged. The Topix index of all first section stocks fell 17.05 to 1,321.45, and in London, the ISE/Nikkei 50 index fell 6.05 to 953.44.

Traders blamed yesterday's weakness on a decline in blue chip electrical stocks, which were sold on concerns about the higher yen. The dollar fell ¥126.60 against the yen to ¥126.60, closing below ¥126 for the first time in four months. Issues which had gained on

Thursday lost ground on profit-taking. Hitachi fell ¥24 to ¥741 and Toshiba by ¥2 to ¥631.

Companies affected by sharp falls in asset values were heavily sold. Banks, construction, and brokerage were among the largest losers of the day. Analysts said that this reflected uncertainty stemming from a lack of information. "Market participants are going to assume the worst if they don't know the full extent of the problems," said Mr Bernard Siman, analyst at Jardine Fleming.

Banks, whose bad loans are thought to amount to ¥56,000bn, have failed to disclose the real figures. Leading trust banks, known for their extensive lending to real estate and stock speculators, are seen to be under severe pressure. Mitsui Trust and Banking fell ¥31 to a year's low of ¥569, and Mitsubishi Trust and Banking lost ¥32 to ¥785.

Mitsui Bussan, which held a press conference on Thursday following the sharp fall in its share price on rumours of financial problems, fell ¥69 to

¥871. Investors were not convinced by the company's denial, and were disturbed by Misawa's announcement of a 95 per cent fall in consolidated after-tax profits.

Deikiyo, which plunged last week on rumours of cash flow problems, also fell ¥26 to ¥705. In Osaka, the OSE average fell 199.59 to 18,737.53 in volume of 12.1m shares.

## Roundup

EXCITEMENTS abroad sustained Hong Kong, and brought new life to Manila yesterday as Taiwan stayed weak.

HONG KONG closed at a record high but profit-taking in late trades dragged the Hang Seng index down from its intra-day peak of 6,178.96, reflecting London buying on Thursday to close 34.41 higher at 6,111.10, 5.6 per cent higher on the week.

Turnover stayed heavy at HK\$4.72bn against Thursday's HK\$4.89bn. HSBC, which won control of Midland Bank on Thursday, topped the active list and rose 75 cents to HK\$48,

unchanged from its close in London.

MANILA rose 3.2 per cent on the day, but just 2.1 per cent better on a week beset by fluctuations in Philippine Long Distance Telephone (PLDT).

The composite index ended 47.41 higher at 1,525.31. PLDT's rise of 35 to 1,030 pesos occurred where bargain-hunting elsewhere.

TAIWAN fell across the board as small investors followed their bigger brethren in dumping stocks, particularly financials.

The weighted index, down more than 110 points since before the close, ended 63.04 or 1.4 per cent lower at 4,501.97, 1.9 per cent down on the week.

Turnover was active at T\$36.2bn, up from T\$35.6bn. SEQUEL edged higher in a technical reaction to Thursday's decline to a 52-month low. The composite index climbed 3.79 to 552.09, down 3.3 per cent on the week.

BOMBAY traded in only a few shares as brokers resumed their boycott. The BSE index shed 0.78 to 3,080.54.

## LONDON SHARE SERVICE

## BRITISH FUNDS

Notes	Price	Yield	Notes	Price	Yield
"Shorter" (Lives up to Five Years)	100%	100%	100%	100%	100%
Each 12 1/2 pc 1992	100%	100%	Each 12 1/2 pc 1992	100%	100%
Each 12 1/2 pc 1993	100%	100%	Each 12 1/2 pc 1993	100%	100%
Each 12 1/2 pc 1994	100%	100%	Each 12 1/2 pc 1994	100%	100%
Each 12 1/2 pc 1995	100%	100%	Each 12 1/2 pc 1995	100%	100%
Each 12 1/2 pc 1996	100%	100%	Each 12 1/2 pc 1996	100%	100%
Each 12 1/2 pc 1997	100%	100%	Each 12 1/2 pc 1997	100%	100%
Each 12 1/2 pc 1998	100%	100%	Each 12 1/2 pc 1998	100%	100%
Each 12 1/2 pc 1999	100%	100%	Each 12 1/2 pc 1999	100%	100%
Each 12 1/2 pc 2000	100%	100%	Each 12 1/2 pc 2000	100%	100%
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LONDON SHARE SERVICE

AMERICANS

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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**MINES - Cont**

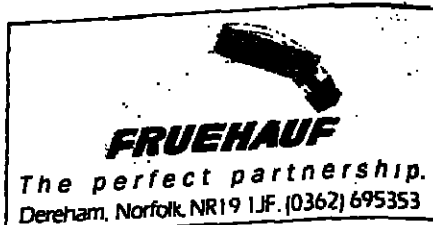
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# FINANCIAL TIMES

Weekend June 27/June 28 1992



## Life assurance companies fined £50,000 for investing in Levitt

By Norma Cohen, Investments Correspondent

TWO OF Britain's largest life assurance companies, General Accident and Commercial Union, were each fined £50,000 yesterday for investing in the now-defunct Levitt Group financial services company.

Mr Roger Levitt, the group's chairman, has been charged with 32 offences involving £20m. The charges include conspiracy to defraud, theft, false accounting and obtaining property and services by deception.

Regulators said the two life assurance companies had invested in Levitt partly in the hope of encouraging its independent sales agents to sell more of their products.

Levitt, the self-regulatory body for the life insurance industry,

levied fines against the two companies for investing £7.35m each in 1990 giving them a 4.9 per cent stake in Levitt Group. Levitt was once one of the largest privately held financial services companies in the UK.

The investments were said to have violated a key principle of the Financial Services Act intended to ensure that those who offered "independent" financial advice did so solely on each product's own merits.

Before the Financial Services Act was introduced in 1988, insurance companies regularly invested in independent intermediaries in the hope of encouraging the sale of more of their own products.

Legal and General Assurance, another leading UK life insurer, also had a 4.9 per cent stake in Levitt Group but was not part of

the disciplinary hearing.

Legal and General said its sales arrangement was with a division of Levitt which sold its products exclusively and did not claim to offer independent advice. Levitt rules only restrict investment in independent agents claiming to sell the best products of a group of companies.

In explaining the fines, Levitt said its rules on commission allowed investments in independent sales agencies only when the investment was unconnected with the marketing of the life insurance company's products.

"In both cases the [life insurance company] members accepted that there was a connection between their investment and the increased marketing opportunities for their products, albeit with the disciplines of best advice."

Levitt said there was no suggestion that the payments involved any dishonest or improper motives and said that both companies had co-operated fully in the investigation.

Mr Bill Jack, director and general manager of General Accident, said the payment to Levitt Group had been made as an investment, but the company also wanted access to Levitt's product advice panels which had not been suggesting GA products to clients.

Mr Jack said the company believed Levitt Group could have recommended its products in accordance with the "best advice" rules of the Financial Services Act. He said the investment led to no increase in sales of GA products, nor was there any sign that clients had not been given best advice.

## Mandela warns of 'disaster' in S Africa

By Michael Holman and Philip Gawth in Johannesburg

SOUTH AFRICA is on the "brink of disaster," Mr Nelson Mandela, the African National Congress leader, warned President F.W. de Klerk last night as further allegations surfaced of government complicity in township violence.

The deadlock in constitutional negotiations and the government's alleged role in political violence have created an "untenable and explosive situation", Mr Mandela said in a memorandum to the president setting out the ANC's reasons for withdrawing from constitutional negotiations.

The ANC leader's warning came after the Goldstone judicial commission, investigating township violence, heard evidence yesterday from a mine security guard linking a police unit to the massacre in which 42 people died at the Boipatong township near Johannesburg last Wednesday.

The witness claimed that a member of the unit told him it had taken part in the killings.

Earlier the commission had revealed the existence of the 40-strong unit, consisting of ex-members of a counter-insurgency force known as Koevoet and based in a building in the grounds of a mine east of Johannesburg.

The Koevoet, now disbanded, won a reputation for brutality and dirty tricks during operations in Namibia's war for independence.

When the commission visited the base this week, they found trucks containing rifles and ammunition. Two white officers were in the force, described by police as an anti-livestock theft unit.

Police said yesterday its own investigation of the massacre revealed "no evidence whatsoever" of the unit's involvement.



Police in Cape Town lead away a member of the ANC Women's League after she and nine others had poured red paint on the steps of parliament in protest at the Boipatong massacre.

The very existence of the unit has shocked nevertheless South Africans, and reinforced speculation about government involvement in political unrest.

In his memorandum, Mr Mandela said that as long as the gov-

ernment insisted in the constitutional negotiations "on a minority veto in whatever form... the deadlock will be unresolved".

He added that demands presented to the government, including an international inquiry into Boipatong, were "the minimum"

required for talks to resume. President de Klerk has gone part of the way towards meeting this condition by offering to include international jurists in the Goldstone inquiry. The ANC initially rejected this proposal as inadequate.

## Recession could cut the cost of dying

By Tim Burt

DYING could become cheaper, according to the director of Britain's first management course for undertakers.

The recession looks set to spark intense competition among funeral companies. Cut-price burials and service discounts could soon be offered.

And it is not just economic hard times that have hit the funeral business. The trend

among customers towards greater life expectancy has not helped. Although steady demand has kept most funeral companies in profit during the recession, some are now looking at value-for-money options to increase market share.

Mr Stuart West - who runs the course at the International Co-operative College at Loughborough, Leicestershire, where more than 30 undertakers graduated yesterday - says companies

can only expand by taking market share from competitors.

"To get market share you have to get price benefits to the customers," he said. "So funerals are likely to get cheaper."

Companies may also be forced to drop voluntary restrictions on advertising and diversify into financial services for the bereaved as they compete for business.

Large companies, such as Great Southern and the French-

owned Plantsbrook group, already offer pre-paid funerals, and others are understood to be considering investment portfolio schemes and estate management. Price cuts would be welcomed by consumer groups which this year complained that funeral costs had increased by more than 50 per cent since 1985.

The average cost of a basic funeral is about £600, although extras such as an oak coffin can push the price above £1,000.

### CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			Offshore Pipelines			Kysel Tanker			Bardays		
Riese	664	+ 14	Seque Systems	11	- 2%	Nikon Int'l	350	+ 20	Bell Bus	339	- 12
Asahi Pk	650	- 7	New York prices at 12.30pm	8 1/2	- 1 1/2	Mt. Halls	440	+ 40	Beverly Grp	65	- 18
Asahi Mch Reg	520	- 20	Paris (FFr)			Ami Electric	650	+ 52	Brit Aerospace	262	- 10
BMW (B)	520	- 12.5	Riese	1480	+ 93	London (Pence)	561	- 59	BP	209	- 34
Fag Kogelscher	280	- 7	Corb	3400	+ 125	Wiese			GI Steel	67	- 4
Mannesmann	236.5	- 9	Celtem	740	- 35	GI Western Rec	26	+ 4	Feedback	28	- 4
Volkswagen	386	- 12.2	Paris (FFr)	428	- 20.9	Intem Justice	82	+ 4	GRI	360	- 17
New York (\$)			Union Immo Fr			Reynolds B			Graham Hse		
Oceanair Int	13.1	+ 5	Valours	200	- 9	Spyglass	1160	+ 45	Manders	260	- 10
Tele	22.4	+ 1	Tokyo (Yen)			WPI	50	+ 4	Morling	23	- 10
Dover Corp	39.1	+ 14	Kind Sharyo	2070	+ 170	Falls			Ros Group	30	- 8
Microsoft	88.2	- 1.2		515	- 46	Alphabert	20	- 4	Wellcome	687	- 27
						BM	233	- 81			

### World Weather

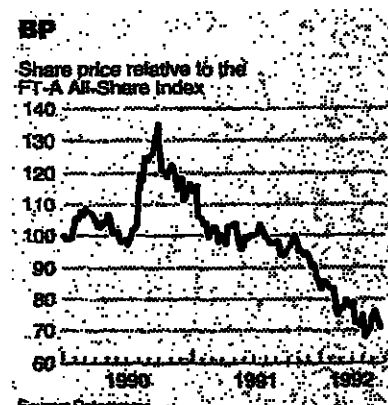
UK Today: Dry, warm, and mostly sunny over England and Wales. Mostly cloudy with outbreaks of light rain in Northern Ireland and western Scotland, but eastern counties will stay dry, with brief sunny spells. Light winds in most parts.

Alaska		Cairo		Inverness		Miami	
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73
28	62	28	62	19	66	20	73

## Crude estimates at BP

THE LEX COLUMN

FT-SE Index: 2534.1 (-23.2)



BP shares settled comfortably yesterday at around 210p after their initial 14 per cent fall on Mr Robert Horton's resignation as chairman. That stability could be deceptive. It represents little more than the balance of widely varying guesses about the company's true dividend intentions. And these will only be known when it reveals its half-year results in early August.

BP might by then have decided on a radical course, and cut the dividend in half. If so, the shares would need to fall further, perhaps to around 180p, to produce an acceptable yield premium over Shell. Since cash is flowing out of the company at a rate of maybe £1.5bn a year, the case for a savage dividend cut is strong. Further risks for the share price include the possibility that BP will at some stage launch a rights issue to help reduce its 85 per cent gearing, and that US investors, who by all accounts were great admirers of the Horton style, will take fright and sell.

BP has not, however, cut its dividend since the first world war. Even Mr David Simon, the new chief executive, any decision will be highly charged. It is difficult to imagine him getting away without any cut at all. But the prospect that cash will be less tight next year as capital spending falls may point towards a compromise approach. BP would currently yield an attractive 7 per cent if its dividend were cut by only one third.

This may help explain the market's present reluctance to see the shares fall much further. There cannot be much bid premium. BP would still be an expensive morsel for the likes of Hanson, and many of its most disposable assets have already gone. Holders can still console themselves with a more prosaic consideration. On a two-year earnings horizon, the shares now offer value compared with Shell whatever their relative yield.

### UK equities

Talk of BP's possible dividend cut could scarcely have come at a worse time for UK equities. The market is already bracing itself for British Steel's cut to be announced on Monday. That may set other companies on the same track, especially struggling ones in the financial sector or in capital goods where the average dividend is already just covered. Some of the latter based their generosity in respect of 1991 on confidence in the future, but with the prospect of a vig-

orous upswing ever more remote that argument now rings hollow.

Perhaps the surprise in the response to BP was that the Footsie fell only 23 points yesterday. But, then, the index was already some 180 points below its post-election high when the news struck on Thursday night. Some lowered expectations for both dividends and earnings must already be discounted, and on a longer-term perspective the market may now be cheap. It would not do to assume that the slide has bottomed out, though. There may still be a case for switching into defensive stocks like utilities. For the market as a whole there are precious few short-run grounds to buy.

### Olivetti/DEC

The fact that Olivetti has signed a strategic accord with Digital Equipment Corporation comes as no great surprise. What is puzzling, though, is why the US company should be prepared to pay more than two and a half times the market price - and more than net asset value - for an 8 per cent stake in its Italian partner.

One can only assume DEC knows what it is doing, though some may suspect a touch of desperation about the move. The mini-computer maker has poured millions into the development of its Alpha microprocessor technology, but is up against stiff competition in the so-called Risc market from the likes of IBM, Hewlett-Packard and Sun Microsystems. Olivetti offers access to customers in the UK and Germany, as well as Italy, plus the prospect of other product relationships which have yet to be announced. Unlike DEC it has also concentrated

on the open systems thought by most industry analysts to be the way of the computer industry's future.

Yesterday's deal carries an irony for Olivetti's chairman Mr Carlo De Benedetti, who was at pains to assure shareholders that alliances and independence are not mutually contradictory. It was Mr De Benedetti, after all, who initially adopted a friendly approach in Brussels before launching his fierce, but ultimately unsuccessful, takeover assault on Societe Generale de Belgique in 1988. DEC appears to have no aggressive intent, but even allowing for the generous price placed on his shares the Olivetti chairman must feel as though he is now firmly on the back foot.

### UK retailing

The stock market yesterday rightly took Thursday's surprise ruling on Sunday trading in its stride. For one thing only a small number of councils are sufficiently motivated or well organised to obtain the necessary injunctions.

More to the point, the decision of the law lords to make the government rather than local authorities responsible for compensating stores if the 1950 Shops Act proves to be incompatible with EC law puts new pressure on ministers to rush through their own legislation. The European Court is probably astute enough to fudge its verdict - but the Treasury will hardly want to count on it.

That raises the question of whether Sunday trading for all means extra profit for the retailers. The simple answer is that those currently opening seven days a week would hardly be doing so if they did not see an advantage. With many of their competitors closed while the legal situation remains unclear, however, the incentive is mainly to grab market share. On the demand side the argument hinges largely on whether retail sales will ultimately command a bigger slice of consumer spending, with more money spent in, say, Sainsbury than the local pub. There is little evidence of any significant shift to date.

On the cost side you can look at it two ways: higher wages on the one hand but fixed rents and rates and reduced waste for supermarkets working through the weekend on the other. The most realistic approach, though, is to view Sunday trading as merely increasing the UK's retailing capacity. That is something the industry needs like a hole in the balance sheet.

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**Fidelity Investments**



# Weekend FT

SECTION II

Weekend June 27 / June 28 1992

## Woman who climbed too high

**T**HE DIVIDING line between heroism and folly, passion and obsession, success and failure, can be perilously thin. So it was with Wanda Rutkiewicz, a Pole of striking beauty and power and the greatest woman high-altitude mountaineer of her time.

She died, aged 49, while driving herself beyond human limits during a final push to the summit of Kangchenjunga in the border region between Nepal and Sikkim last month. Her mysterious disappearance in the "death zone" above 8,000 metres (26,560 ft) on the world's third highest peak seems destined to transform this controversial personality into a climbing legend.

She was a mountaineer of heroic stature who led the way for women in a man's domain. In 17 years she made 22 expeditions to the Himalayas, ascending eight of the world's 14 highest peaks, a feat achieved by

just 13 men. She was the third woman to climb Everest and the first to conquer K2, the world's second highest mountain.

Yet she could appear a lonely, driven person whose domineering style alienated some fellow climbers and whose passion to reach the top may have led her to step beyond the bounds of prudence. Her obsession had already cost her two husbands. Some were shocked that she carried on climbing after colleagues had died - but perhaps she had lived close to death for so long that she had become inured to its horror.

Kangchenjunga is justifiably feared by climbers. The 8,586m mountain calls for highly technical

vertical climbing, requiring ice-axes, crampons, ice screws and ropes. This spring Wanda launched her third attempt on the peak. A year earlier her first effort had ended when she discovered the bodies of two Slovenian climbers at 8,000m. They had reached 8,400m, but had fallen. She was furious when the Yugoslav leader halted the expedition.

In early March, accompanied by Arek Gasienica, a young Pole, Wanda joined a Mexican expedition to climb the north ridge route pioneered by Doug Scott, the British mountaineer, in 1978. The team was led by an experienced climbing acquaintance, Carlos Carsolio, 28,

and included his wife, Elsa, his brother Alfredo and Andres Delgado, another Mexican.

Their first summit push ended in disaster at Camp IV at 7,950m on April 23 during a storm. Elsa and Alfredo had to be evacuated by helicopter to Kathmandu, with Elsa facing the amputation of a finger due to frostbite. Carlos and Wanda decided to make a second attempt. They set off on Thursday May 7, reaching Camp II on May 10. From there Wanda set off alone at 11am only to find that Camp III had been destroyed by storms. She spent the night at 7,400m, in an ice hole.

Carlos set off at 6pm, climbing through the night, and passed her to arrive at Camp IV (also an ice cave) 550m higher. He rested during the day and Wanda arrived at 7pm. They started for the summit together in the dark at 3.30am on Tuesday May 12, but soon split up.

"Snow conditions were bad. Wanda was very slow," said Carlos. "We had agreed to go at our own pace. I reached the summit at 8pm and met her on the way down at 8pm at around 8,300m, where she was preparing to bivouac in a hole in the snow, ready to go for the summit next day."

Wanda, dressed in a down suit, was lying outside her bivouac sack 600m short of the summit. She had drunk all her water, had no gas, no stove, no food apart from a few sweets, and no sleeping bag.

Said Carlos: "I spent about ten minutes with her. She looked cold but seemed in good spirits. We talked of the technical moves - the two couloirs above Camp IV and the 20m of crumbling rock just before the top. She was pleased she had my tracks to follow. She kept looking toward the summit. She was very excited."

It was the last time anyone was to see her alive.

"I was thinking maybe I should try to persuade her to come down. But I didn't. She was very determined. This was her third attempt at Kangchenjunga. I think she felt she would never get another chance. She knew what she was doing."

But did she? To stay alive at that altitude it is essential to drink large amounts of liquid, but she had no water and no means of melting snow. At her pace it would have taken her another day to reach the summit. Even Carlos was so dehydrated and exhausted that he suffered hallucinations on his descent. First he "saw" two sherpas from a German expedition who had died two weeks before. Then he held a conversation with an imaginary Wanda. He believes now that that marked the moment of her death.

Carlos stayed at Camp IV until midday, then descended and waited for her at Camp II for three days, leaving her the tent, a sleeping bag, fuel and a walkie talkie. He left base camp on May 21, eight days after Wanda had disappeared above 8,300m. No one could have survived at that height for so long.

How or where she died is a mystery. She may have died of cold or exhaustion. Possibly she set off in the dark, reached the summit, but fell to her death on the descent. In spite of her experience and her reputation for careful climbing, she had made a fatal error of judgment.

Wanda knew that climbers can stay alive for only a limited time above 8,000m. After her historic ascent of K2 in 1986 two of her companions, the French team of Lillan and Maurice Barrard, perished on the descent after the three of them had bivouacked at 8,300m without sleeping bags, but in a tent. Wanda wrote afterwards: "The weather was still good and I was not worried. But I should have been. One should

remain at that altitude as short a time as possible. I didn't know in the sunshine that death was following us down. I didn't see any signals of something wrong."

Why, six years later, did she fail again to read the signals? Was it the young climbers' unkind joke at base camp about her being a grand-mother - even though she had no children - which stung her into refusing to descend with Carlos? Perhaps she finally paid for continuing for too many years with her addiction.

Some may ask why Carlos did not order her off the mountain, but he was exhausted and probably not fully aware of her predicament. Even if he had been, the concept of a mountain leader whose word is law has passed - and Wanda was not the type to be ordered around.

Or again, why were they not joined by that "holy rope" which has physically and psychologically linked climbers from the earliest days? If they had been tied together Carlos would never have reached

Once on a mountain she led by example, seeing herself as a natural leader, though others could find her difficult and bossy. One of her best friends called her the "Princess". On Annapurna last October she so annoyed Krzysztof Wielicki, a renowned Polish mountaineer, that he challenged her claim to have ascended the mountain just a day after he reached the top - but Wanda's summit photograph proved that she had.

Her physical strength and determination were legendary. In 1982 she fell off the face of Mt Elbrus, in the Caucasus, slipping 300m and breaking her leg. A few months later she led the gruelling two week walk-in to K2 base camp on crutches and attempted to co-ordinate the summit push from there.

Her two husbands, neither "professional" climbers, tried to persuade her to cut down on her trips, but settled for divorce when it became clear that she would never give up her real love. To some she was distant, vulnerable, and rather a lonely person, but to others she was charming, and in her late 40s received invitations from all over the world to join expeditions.

Even in the midst of the disasters that dogged so many of her big climbs she expressed her passion for high places. Writing of her success on K2, during a season in which 13 people, including her two climbing partners, died on the mountain, she said: "At about 10.15am I reached the summit. It was my third attempt. I was excited and happy, happy to be alone there, because I could express my enormous gratitude. I knelt and prayed. I said a big thank you for the summit, for good weather and for feeling good."

It was her success on K2 that some suggest gave her a false sense of invincibility. A few years later she announced she would become the first woman to complete all 14 8,000 metre peaks, a feat achieved by just two men. She called it her "Caravan to Dreams". Her determination to do this by spring 1993 led her to attempt two, even three expeditions in a season, sometimes with people she did not know well. It was then that some came to fear that her determination might end in death.

One of her few very close friends said: "She didn't want to die, she didn't intend to die, but somehow she had nothing against it. She was slowing. Her soaring mind could no longer correlate with her body."

Wanda may have had a premonition about death before she disappeared. At Kangchenjunga base camp she is reported to have said: "For me to die up there will not be at all strange. It will be easy. After all, most of my friends are waiting for me there, in the mountains."

**Richard Cowper traces the final steps of top climber Wanda Rutkiewicz, who vanished in the 'death zone' of icy Kangchenjunga**

the summit. They would jointly have been forced to retreat, but both might have survived. However, these traditional bonds are now widely ignored in Himalayan mountaineering. Above 8,000m, many climb alone. At that height, they say, a partner could not rescue you without risking death. The image of the inseparable pair, Hillary and Tensing, striding towards the summit of Everest, is now rare.

For Wanda, however, the obsessive determination which killed her also produced some of the glories of her career. As a mountaineer, she had no equal among women and few among men. She climbed in enviable style, often reaching her summits alone and by difficult routes. In addition to her eight 8,000m-plus peaks she made the first ascent in 1975 with Alison Chadwick, an English mountaineer, of Gasherbrum III (7,926m) in Pakistan, then the world's highest unclimbed mountain. She conquered many other demanding routes, including Messner's route on the north pillar of the Eiger, the north face of the Matterhorn and the eastern pillar of the Trolltjigen in Norway.



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### The Long View/Barry Riley

## Botching the insurance job



ONE DAY soon you may get a shock when you find you cannot renew your insurance at any price. It has happened to a lot of people already, though maybe not down your street.

This week, uncharacteristically, the dull business of insurance has been making headlines. Lloyd's of London duly declared its much-leaked loss of just over £2bn for the 1990 three-year account. Not to be outdone, the companies which make up the membership of the Association of British Insurers declared an aggregate 1991 trading loss of £3.3bn on general insurance; in the UK last year insurance companies paid out £1.30 in claims and expenses for every £1 of premiums.

As a reflex action, insurance men argue that premiums must rise. Yet it does not appear that slow premium growth is really the problem, for premiums climbed by 18 per cent in the UK last year.

The other solution to the problem is that claims should fall. Indeed they should, say the insurers, and they present the problem in terms of fraud, which will be highlighted in a forthcoming advertising campaign. That conveniently, they hope, shifts the blame on to the policyholders rather than the insurers. But it seems to me that the role of insurance must be more fundamentally questioned.

We come here to the problem of moral hazard. This is not just a question of the dodgy repairman's "insurance job" on to which all kinds of extras are loaded, or the attitude of the Scottish freezer-owner - unkindly singled out by the ABI - who claimed for £800 of ruined food when the freezer in question would only hold 45lb.

protected only by a flimsy lock. Businesses have sunk billions into often unguarded premises. It has amounted to a huge investment in the raw material for crime, which indeed has become a growth industry: the BIA says that domestic crime claims were up 75 per cent in 1991.

Insurers weep crocodile tears at the growth of claims, but the truth is that in normal circumstances bigger claims lead to a bigger insurance industry - unless, of course, the claims start getting out of hand. Even worse than fraudsters, from this point of view, are predatory US lawyers who have driven up legal settlements beyond the imagination of Lloyd's underwriters.

But then, the insurance industry has never appeared to have a very sure management touch. I have always wondered at how badly the big listed composite companies have performed in stock market terms. The composite insurance sector index has badly underperformed the All-Share Index in the 30 years it has been calculated - only one or two dead-beat sectors like engineering and motors have done worse over that timespan. And insurance, remember, is actually a growth business.

Now the insurance industry is trying to impose its own corporate governance system, featuring apparently out-of-touch chairmen and large numbers of ineffective non-executive directors, on the rest of British industry. But the British insurance companies which used to be world leaders are now retrenching and struggling; as for Lloyd's, the Continental reinsurance groups will surely prosper as Lime Street's capacity is savagely cut back.

be profitably invested in the business.

Competition has had another important effect. Whereas with the cartel cross-subsidy was rife there has subsequently been a chase after good risks and an ever-increasing segmentation of the market. It has reached the point where bad risks are being priced out of the market, or perhaps turned away point blank. If this simply applies to flashy sports cars perhaps little harm will be done, except to Porsche or Lotus. But in other cases there could be dangerous social implications. What happens if an old-age pensioner in an inner city area cannot obtain household cover? And if the government decides that people should be entitled to drive a car at the age of 17, is it right that the insurance companies should, through penal loading, effectively impose an age limit of 25 instead?

If insurance becomes too expensive you have to change your lifestyle. In the South of France big houses are surrounded by barbed wire and vicious dogs. Drivers in Italy are forced to remove their car hi-fi units and carry them around after they have parked. Those American lawyers may have done a splendid job for their existing clients, and are no doubt now licking their lips at the prospect of tobacco company suits, but future victims may find themselves uncovered. Indeed, in some of these corporate liability cases insurance is almost becoming counterproductive, because lawyers go most eagerly after the parties that they know have cover.

Perhaps the US is demonstrating the *reductio ad absurdum* of the insurance concept. Insurance companies - and poor old Lloyd's Names - have funded the huge escalation of claims and court awards. It is not yet as bad in the UK. But insurance companies have got to abandon the idea that they can simply keep jacking up premiums and they must refine their ideas about what constitutes an insurable risk.

We may have to learn not to tuck quite so many frozen TV dinners away in the freezer.

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MARKETS

London Markets

# There's no free four-course lunch

By Peter Martin, Financial Editor

The old BP was a place where the standard fare in the visitors' lunch-rooms was four full courses - soup, fish, meat, pudding - and a glass of sherry waited, ready-poured, in front of every plate.

All that vanished a decade or more ago, swept away by the first of the cost-cutting waves that have broken over BP since then. Habits of thought and behaviour die harder, however. Was the abrupt departure on Thursday of Robert Horton, the group's chairman, a last-ditch attempt at survival by the old BP?

That question matters because, with all the signs pointing to an imminent dividend cut, investors must value the company on its recovery potential rather than simply looking at the yield. The drop in BP's shares after Horton's resignation down in heavy turnover from 243p on Thursday to 209p at Friday's close - indicates that the market is uncertain of the outlook.

The drop in the share price was not enough fully to discount the halving of the dividend that analysts now expect; but it indicates a lack of confidence in the new management's ability to improve the company's performance quickly and restore the payout. The uncertainty stems from the sense that Horton left an unfinished task behind him.

It's an old oil-industry joke that Shell succeeds because of its system; BP succeeds despite its system. Two successive chairmen have tried to transform the way BP does business. Sir Peter Walters took the evolutionary approach, Robert Horton the revolutionary one. Both can claim important achievements; but neither won a decisive victory. BP's share price underperformed that of Shell by a third during Horton's tenure.

For a more optimistic view, says one former insider, look at the executive directors recently appointed to the board. Instead of BP's traditional mixture of exploration/production people and "diplomats" (the regional managers who negotiated with foreign governments) the new men spent their formative years wheeling and dealing for crude, once BP lost its automatic access to cheap oil from the Middle East.

The experience produced managers with bred-in-the-bone commercial instincts - perhaps the first such group ever to reach the top of the company.

Instincts may not be enough to overcome the handicaps under which BP now labours - a weak oil price, heavy debt, and an only partly reformed bureaucracy. Still, the changing composition of the board indicates that Horton's legacy may be a lasting one.

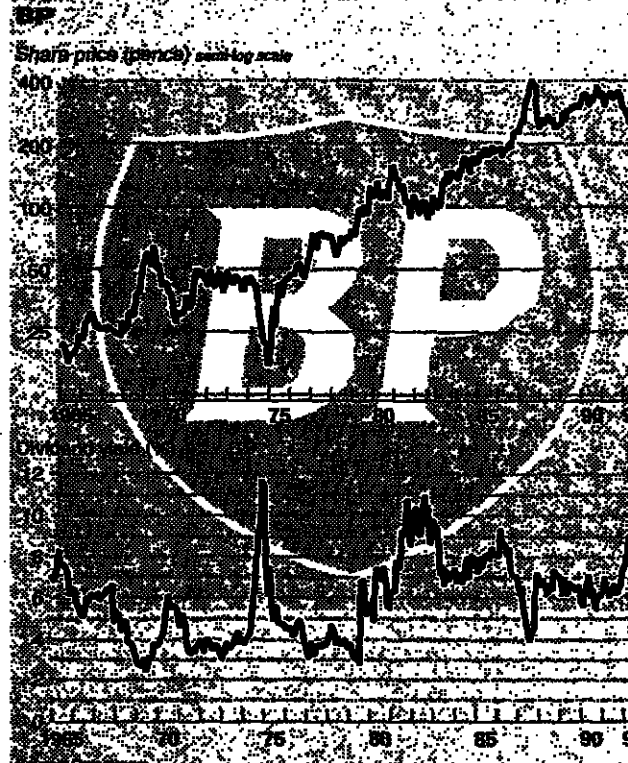
Curiously, as he was losing a chairman's seat, one was also slipping from his predecessor's grasp. On the day the BP announcement came, Hongkong & Shanghai Banking Corporation announced that it had won control of Midland Bank (chairman Sir Peter Walters), with the offer expected to go fully unconditional on July 10. At 2.30 that day London dealing desks are likely to start in the new shares of HSBC Holdings, the Hongkong Bank's parent. It is likely to join the FT-SE index the next day.

So, in two weeks' time, UK investors will have a big new sterling-denominated bank share to make up their minds about. (It really is a new share, by the way: past movements of HSBC stock offer little guide to the future, since the influence of Chinese political considerations will now be heavily diluted by the impact of Midland's business.)

Other decisions lie ahead for investors: the Wellcome Trust's sale of 330m shares in Wellcome, the drug company, will seek to raise roughly £3bn from investors in next month's international tender offer. The UK public offer, for which £180m of shares have been earmarked, will close on July 21, with the tender price and basis of allocations to be announced on July 27. Wellcome's shares closed the week 32p down at 89p.

## HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1992 High	1992 Low	Fall in Nikkei Average
FT-SE 100 Index	2534.7	-50.7	2737.8	2382.7	
Abbey National	281	+12	317	257	US\$ Phillips & Drew 'buy' note
Airtours	256	-18	337	203½	Holiday price war worries
Amber Day	38	-18	109	36	Board departure & profit warning
BP	209	-42	304	204	Chairman ousted/div cut expected
Brown Shipley	80	-38	204	80	Big losses/sale of banking business
Fisons	196	-43	403	188	Weak drug stocks
Guinness	545	-35	644	506	Lower spirit sales
Kingfisher	501	-29	582	438	Profit downgrades
LASMO	177	-16½	263	189	IPO proceeds less than expected
Midland Bank	459	+33	474	204	HSBC wins control
P & O Ferries	446	-25	565	375	Charterhouse TSB downgrading
Rothmans B	1180	+51	1180	1003	Results & proposed share split
Victaulic	128	-53	409	328	Hoare Govett downgrading
Wellcome	887	-36	1174	877	Share offer



occasionally, the grey ranks of government statistics cast a fascinating light on stock market performance. One such moment of enlightenment came on Wednesday, when the estimates of first quarter GDP were published.

The table headed 'Consumers' Expenditure' speaks volumes about the path of the UK recession. Spending on motor vehicles peaked, in real terms, in the second quarter of 1989. Since then it has fallen by 48 per cent. Such a huge drop in sales volume is hard for any industry to cope with; under the circumstances, the 47 per cent drop in the FT-Accumulated Motor index (mostly distributors and garages) between July 1987 and late 1990 is perfectly understandable. Since then, however, the motor index has recovered almost all its lost ground - or at least, it had done so by last month. It has since slipped back again, however, and is now 17 per cent below its 1987 high.

This is a notoriously cyclical industry. How did stables, more defensive ones fare? Spending on food peaked in the second quarter of 1989, along with motor cars; it is now 1.3 per cent below that level. But it is also lower - just - than the figure reached in early 1988; and in real terms it has risen only 9 per cent since the end of 1985. Spending on beer and drinks is lower than it was in 1987; tobacco spending has been falling steadily for more than a decade.

What has happened to the shares of food retailers? As a group, they have moved pretty steadily upwards for the past five years, and are now the highest they have ever been. Of course, quoted food stores have been steadily gaining ground at the expense of their unquoted rivals, widening their margins the while. Still, unlike the motor retailers, they have little rebound in demand to look forward to.

## Serious Money

# The pricier side of life...

By John Authers

ARE YOU suffering from statistical overload? Anyone trying to take a personal finance decision will soon find out about this distressing syndrome.

Mounting league tables exist for every product. The problem is applying them. They can prove which was the best investment to buy 25 years ago, or the best unit trust 10 years ago. But the problem, particularly where savings are concerned, is the choice, now, between a life product and a straight investment product. This is trickier.

Most people want the product to perform exactly the same task for them - to convert their savings over a long period into a big lump sum.

But statisticians face three problems. First, the new breed of unit and investment trust savings schemes have not been around long. Personal equity plans (PEPs), in which these schemes are most tax-efficient, have existed for only five years. This makes comparison with life plans, which have existed for the best part of two centuries, all the harder.

Second, the two products do not set out to do the same thing. Put money into an endowment and some of it will go towards life insurance, even if you do not need it. Such cover is important, but it can be bought much more cheaply than through endowments. Unit and investment trust schemes also have the virtue of flexibility - you can withdraw money at any time, and receive the value of your savings, without a penal surrender value.

Third, tax raises its ugly head - collective trusts are liable for capital gains tax, unless they are held in a PEP, while endowment pay-outs are free of tax.

Comparison begins to look mighty difficult. But *Money Management* magazine has spent the last few months engaged in just this Herculean task. Its conclusions might still leave you baffled.

The magazine accounts for the life cover as follows. It took the top-performing ten-year with-profits endowment, from Equitable Life, and asked how much the expenses of life cover had reduced its yield. The answer was equivalent to £1.85 per month from a £50 premium policy.

It then took the top-performing unit trust over ten years - N&P UK Income - and calculated how well £1.85 per month would have fared within this over ten years. This came to £581, which was then deducted from their overall figure for £50 per month, reducing £15,735 to £15,154.

This made Equitable's endowment pay-out of £13,583 look that much more competitive. But is this a valid comparison? Life cover as part of an endowment usually occupies much the same role as the free glasses you pick up at petrol stations.

For example, the leaflet for Sun Alliance's Cashdate plan devotes more space to the solar-powered calculator, compact Masterchef and free weekend holiday which you could win after taking out a plan, than it does to the "protection for your family".

These gifts might be useful to you, in which case the policy might look more attractive, or they might not, in which case they are irrelevant. The life cover which comes with an endowment falls into much the same category.

Endowments are sold as investments, and it is fair to judge them solely on this basis. The £581 can fairly be reinstated to N&P's pay-out.

But the *Money Management* figures also show that endowments are very creditable investment performers over 10 years. The best unit trust schemes easily beat the best endowments. But the average unit trust scheme has only

made £10,202, while the average with-profits endowment has made £11,942, from total premiums paid of £5,000. Capital gains tax, for which figures are hard to obtain, would increase the gap.

Over 20 years the trend is reversed and the few unit trusts which have been going this long have managed to produce an average of £60,300 before tax, compared with £54,274 for endowments - from total premiums of £12,000.

So, for less experienced investors, life policies look decent value. Over relatively short terms, those not confident in their ability to choose a good unit trust are best sticking with an endowment.

But then comes the next statistical headache - the introduction of Peps. Calculating results for Peps savings schemes is a nightmare.

But *Money Management* has produced lump sum figures for 314 unit and 57 investment trust Peps over the last five years. Top performer is Newton Income, which has turned £1,000 into £1,956. This would have been £1,840 in a non-Pep version, showing that unit trust performance is considerably enhanced in a Pep.

The problem? Five years is a very unattractive period over which to judge an equity investment, thanks to the stock market crash of 1987, and 59 unit trust Peps have actually lost money over five years. Those same market conditions are also putting with-profits bonuses under threat.

Most sane individuals should now have keeled over with statistical overload. Perhaps you will have to rely on logic.

Logic says that with a Pep you will pay less tax, enjoy greater flexibility, avoid paying for life cover and have the chance of long-term out-performance. If you are very cautious, the ten-year figures show that the life offices can still provide good value, in spite of tax burdens imposed and the need to produce life cover.

### AT A GLANCE

#### UK mortgage lending

Net new commitments (£bn)

#### South Africa

Johannesburg Industrial Index

### Mortgage lending shows 16 per cent increase

Building societies pledged £3.21bn in new mortgage lending last month, 16 per cent up on April. However, the Building Societies Association said that the figure was still below the £4.07bn lent in May last year. It warned that the increase in loan agreements did not show that a revival in the housing market was necessarily on the way. Mark Solent, director-general of the association, said: "The rise in net new commitments is encouraging. However, it is a small rise and the figures do not yet suggest a significant upturn in activity." Last month was also poor for savings, with net receipts at £179m, down from £212m in April.

### S. Africa weathers the storm

South African stocks were hit last week by the news of the Bojotung massacre, but the market soon recovered. Shares were marked down but there was little selling pressure and the overall index fell only 42 points on Monday to 3,639. Industrials (not including resources companies) slipped further by 51 to 4,471. But by the end of the week, bargain-hunters had restored the overall index to 3,648, and Industrials to 4,501. Investing in South Africa: Page V

### Texas top £10bn total

More than 3m people have invested a total of £10.41bn in Tax Exempt Special Savings Accounts since their introduction in January 1991, according to figures published by the Inland Revenue. Just over £5bn was invested in the first three months of their introduction. This year more than £3bn was invested from January to March, compared with £487m from October to December 1991. This is because Tessa-holders were limited to a maximum of £3,000 in the first year but were able to add a further £1,500 in the second year.

### Low-cost share service

Allied-Lyons is launching a low-cost share dealing service with commissions of just 1 per cent on its own shares and no minimum. Purchases can be made on a lump sum basis or via monthly savings of £50 or more. The company is also launching two personal equity plans - a corporate Pep, with an annual £5,000 limit, and a single company Pep, with a ceiling of £3,000. There will be an initial fee of £10 plus VAT and an annual management charge of 0.5 per cent, plus VAT. Brokerage fees within the Pep will be 0.25 per cent, plus stamp duty. The Pep is being administered by Bradford & Bingley (0274-556677) and details of the share dealing service can be obtained on 071-405-1765.

### Mixed views on smaller companies

Smaller Companies had another bad week. The County NatWest smaller companies index fell 1.64 per cent to 855.01 over the week to Thursday June 25. The House Govett index (capital gains version) fell 1.82 per cent to 1211.86 over the same period. However, Mercury Asset Management is positive about the sector. It says: "Despite their recent rally, smaller companies are still trading at a discount to larger ones in p/e terms. Valuations therefore look attractive, especially if you consider the long-term view."

### Capital Gains Tax

Last week's Capital Gains Tax indexation table omitted the figures for the first four months of this year. Multiply the original cost of an asset by the following figures: 1.027 for an asset bought in January, 1.022 for February, 1.019 for March and 1.004 for April. If you subtract the result from the proceeds of a sale made in May, the difference will be your taxable gain or loss.

# Bush campaign turns heat on Greenspan

WITH THE economic recovery showing signs of cooling off, the heat was turned up on Federal Reserve chairman Alan Greenspan this week.

President Bush took time off on Wednesday from trading brickbats with Ross Perot via television and radio talk shows, to launch his clearest call yet for lower interest rates. In an interview with *The New York Times*, Bush said he believed the outlook for inflation was sufficiently unthreatening to allow room for another cut in interest rates. The implication of his remarks was clear: Greenspan should worry less about inflation and the bond markets, and more about the desperately weak nature of the economic recovery.

The President's plea for a policy ease, echoed a day later by Michael Boskin, his chief economic adviser, was carefully timed. The Fed's key policy-making Open Market Committee (OMC) meets next week for its monthly review of the economy and monetary policy.

The day after the meeting, the June employment report, traditionally the most closely watched indicator of economic health, is published. Bush knows that if anything is going to trigger another rate cut, it is the employment data. Another rise in the national unemployment rate like the one seen in May (it jumped from 7.3 per cent to 7.5 per cent), and the pressure for a policy change may be too intense to ignore.

The President also knows that later in the month the Fed chairman has to give his bi-annual Humphrey-Hawkins testimony to Congress, where he is bound to be given a rough ride over his handling of the economy if he has done nothing by then to stimulate business activity.

Politicians on both sides of the fence in Washington have been united in their belief recently that the Fed is being too cautious with monetary policy. That Greenspan's refusal to cut interest rates one more time the last lowered rates in December) could scupper the economy's chances of making a sustainable, and

### Wall Street

## Dow Jones Industrial Average

Source: Dataquest

### substantial, recovery from the recession of 1990-1991.

At its last meeting on May 19, the FOMC voted to adopt a neutral stance on policy. There has been no indication from within the Fed since then to suggest that view has changed. If anything, recent pronouncements from Fed governors have confirmed that the

### policy makers are content with the economy's progress.

Yet since that May meeting the economic indicators have looked especially discomfiting. This week alone saw bad news on durable goods orders (down 2.4 per cent in May), jobless claims (up 15,000 in the second week of June) and money supply (all measures

down for the middle of the month).

Although the bulk of the decline in durable goods orders was due to a plunge in defence orders, the most worrying aspect of the data was that factories' backlog of orders fell for the ninth month in a row, an indication that consumer demand is not keeping pace with production. If the trend is maintained, it could have serious implications for output in the second half of the year.

So what does all this mean for the stock market? One thing is sure without an interest rate cut, share prices will not be scaling any new summits in a hurry.

The 70-point drop in the Dow of a week ago may have cleared the air, and lured a few buyers back into the market. But if this week's feeble performance (the Dow moved up and down in the tightest of ranges on light trading volume) is anything to go by, no one is going to buy this market until the discount rate, currently at 3.5 per cent, has been cut, preferably to 3 per cent.

If the feeble state of the economy were not enough to worry about, equity investors this week had to contend with a possible national rail strike, which some analysts warned could put the skids under the recovery, and a Supreme Court ruling that may have opened the door to potentially costly litigation against the big tobacco companies. That the market took both in its stride suggests no one is panicking, at least not just yet.

For the moment, the only thing Wall Street can look forward to is perhaps some quarterly "window dressing". Watch out next week for money managers buying stocks in the hope of making their portfolios, and with it their performance, look a little bit better for the end of what has been a difficult second quarter.

Patrick Harverson

Monday	3280.80	- 4.55
Tuesday	3286.02	+ 4.82
Wednesday	3280.70	- 5.26
Thursday	3284.01	- 6.69

# Two tales of high street banking

TSB returned to the black this week with pre-tax profits of £82m in the first half of its financial year to April 30.

It was not a particularly sparkling performance but it was a world away from the misery of TSB's first half results in 1991, when heavy losses at Hill Samuel, its merchant banking arm, plunged it into a £150m loss after making had debt provisions of £422m.

The market seems to have seen this improvement coming. After being out of favour during the second half of last year, TSB has generally outperformed the market in 1992.

TSB clearly feels that it has things back under control at Hill Samuel and that its retail banking side is moving along fairly well in spite of the recession. The worst bad debt problems on its retail operations came from Mortgage Express, a now defunct subsidiary which

### The Bottom Line

## Two tales of high street banking

Share prices relative to the FT-Accumulated Banker Index

### TSB

TSB's chequered history contrasts starkly with Abbey National's seemingly effortless succession of good performances since its stock market flotation three years ago.

Abbey National is generally seen as a reliable cash generating machine with a return on capital of more than 17 per cent, even though it is even more dependent on the housing market than TSB.

Next month, Abbey National turns in its half year figures, but there is a general expectation on the market that they will show a steep rise in loan loss provisions.

Last year these were £155m.

### Abbey National

income from loans. It may be able to offset this by selling other financial services to those well-to-do customers with their high interest savings accounts.

Perhaps this is partly why stockbroker analysts still seem to have rather muted expecta-

tions of TSB, even though there are good grounds for thinking that its troubles are over. But it is also a stock with some bid potential. TSB's five year period of protection from takeover ended last autumn and unless it grows in size, it could well attract a predator.

Abbey National has no merchant bank or corporate lending portfolio to hold it back and its record on bad debts is likely to remain far better than those of its competitors among banks and building societies.

Next year should set the seal on its run of successes when its assets overtake those of its rival of many years, the Halifax Building Society, making it the undisputed leader of the UK housing finance industry.

David Barchard



## FINANCE AND THE FAMILY

# Lloyd's: what are its prospects now?

*As losses rise and Names face financial ruin, Scheherazade Daneshkhu and Richard Lapper look to the future*

**T**HE CITY was expecting Wednesday's annual general meeting of Lloyd's of London to be tense, chaotic, even violent.

Lloyd's, which reports its results three years in arrears, announced losses of £2.06bn in 1989, leaving its Names – the individuals whose assets provide the market's capital base – facing average losses of £63,500 per head.

Names on catastrophe reinsurance syndicates, which were overwhelmed by claims from Hugo, the hurricane that devastated the Caribbean in September 1989, and other natural disasters, bore the brunt and must contend with bigger average losses. About 4,000 Names on Gooda Walker syndicates suffered losses of at least £100,000 per head, for example.

In the event Wednesday's meeting passed off without incident. The now closed accounts for the 1989 year were described by David Coleridge, the chairman, as "one of the darkest chapters" in the insurance market's 300-year history. But how should Names who have avoided the most severe losses and can afford to trade out of their current difficulties assess the market's prospects in the

future? And should people still consider joining Lloyd's?

The traditional advantage of Lloyd's membership – the ability to use capital twice – still holds good. Names earn returns on their assets from both investment and underwriting. And in some ways the market is in a better state today than it was a year ago, when its 1989 losses of £510m, the first deficit for 20 years, were announced.

Insurance rates in many sectors are increasing; quite sharply in cases such as Japanese reinsurance, where competition had driven premiums to very low levels.

Many of the least efficient syndicates and agencies and the less successful underwriters have been pushed out of business, as rationalisation proceeds apace. There are at least 70 fewer syndicates trading in 1992 than last year.

The result for 1990 will be poor, and a loss of £1bn is expected when Lloyd's announces the outcome next year. But 1991 could be better and Lloyd's should certainly be back in the black – barring a run of catastrophes – by 1992, when results for this year are reported in 1995.

More important, Lloyd's could soon institute reforms,

suggested by the task force, which completed an extensive review of business practices on the market in January. These would change the principle of unlimited liability, by which Names are liable for all losses, down to their smallest possessions.

For underwriting years starting in January 1993, Names' losses will be capped at an amount equivalent to 50 per cent of their premium income limits over four years. Thus, a Name underwriting £1m (for which he would need to deposit £300,000 with Lloyd's) could lose no more than £300,000 over a four year period. However, this will not help losses for the underwriting years 1990, 1991, and 1992.

Advisers agree that things have improved. Max Lehrain, of Grimston Scott, which advises Names on their finances and choice of syndicates, says that for the right kind of investor it is a good time to join Lloyd's. "We are at or near the nadir of the insurance cycle," he says.

Robert Saunders, of Smith & Williamson, agrees. He says trading conditions are better than in the late 1980s and people wanting to become Names can join virtually any syndicate.

Never the less, advisers strike a note of caution. More than 1,000 Names are seeking compensation for their losses from their agents and, in one case, from Lloyd's Corporation itself, in a series of legal actions alleging negligence.

This litigation is bound to affect confidence in the market at a time when the resources of existing Names are depleted. As many as 4,000 of the 23,300 Names currently trading at Lloyd's could resign at the end of the year, depressing the size of the market's capital base and increasing the relative costs of doing business at Lloyd's.

Mike Voller, Lloyd's specialist at accountants BDO Binder Hamlyn, says that if confidence declines, Lloyd's might shrink and become a much more risky investment. "A year ago we might have said it would be a good time to join but there is so much uncertainty now that we could not recommend it."

Voller suggests it is better to wait a year to see how the market develops next year, and perhaps join in 1994.

Most agree that Names must find out more about the business they are in than they would with more orthodox investments. Many of those



worst hit by the losses of 1989 and 1990 knew very little about their syndicates.

Lehrain offers the following advice to would-be Names.

- Be fully aware of the risks
- Make sure you have enough money. His own conditions for this are more stringent than Lloyd's itself. "You should have an annual income of at least £100,000 and means of £250,000

excluding your primary property or the investments upon which you rely for income. In addition, you should be able to write out a cheque for £50,000 with no difficulty.

- You do not have to choose the riskiest syndicates just as you would not put your whole portfolio into Japanese warrants.

## Cash calls: how to cope with the crisis

**O**VER THE coming weeks several thousand Names who have been hit hard by the market's record losses of 1989 and cash calls for 1990 will face the prospect of finding very large sums of money.

Advisers say those in this situation should not panic, but should seek expert advice.

The first thing any Name should do is to look closely at his or her finances and draw up a cash-flow chart to see how much is needed and the most tax-efficient way of raising that sum, says Robert Saunders, of Smith & Williamson.

Names should be especially cautious about using the resources of family members to meet losses because of the tax implications of doing this.

Saunders says that the Inland Revenue's treatment of loans taken out to meet Lloyd's losses has become more generous. Citing a hypothetical case of a Name facing a £100,000 loss who has a mortgage of £130,000 and £100,000 of savings in the bank, he says: "The worst thing the Name could do would be to use the savings to pay off the losses."

Saunders suggests that the savings should be used to reduce the mortgage and more money should be borrowed to pay the losses. Interest on the new £100,000 loan can be offset against the Name's marginal tax rate.

Max Lehrain, of Grimston Scott, also says that it is better to borrow rather than to sell assets, and warns that Names who panic and sell their shares are likely to face a large capital gains tax bill. Grimston Scott has organised lines of credit with building societies with interest rates in the region of 9.5 per cent to 10 per cent.

However, some Names are so badly affected that restructuring their finances will not be enough. Lehrain says that for those who are doing their best to meet their commitments, it is possible to arbitrate informally with the

agents in order to delay paying off all the losses at once. Failing that, Names can seek hardship relief from Lloyd's, or apply for bankruptcy.

Those who opt for hardship relief agree to restructure their debts to Lloyd's, with their unpaid loss converted into a loan at a commercial rate of interest. Terms are confidential and negotiated on a case by case basis, but generally Names are allowed to retain a home of around £125,000 in value and an annual income of about £14,000.

Lloyd's is negotiating extra funding of some £50m from agents and brokers which could lead to easier terms, but so far hardship has not proved to be a popular option. Only 39

*'It is better to borrow to pay a cash call than to sell assets'*

Names who have approached the Hardship Fund committee, chaired by Dr Mary Archer, have accepted the arrangements proposed.

"Some Names may not have realised that the Hardship Fund means just that," says Michael Voller, Lloyd's specialist at BDO Binder Hamlyn, chartered accountants. He says that bankruptcy – despite the social stigma attached – is a preferable option for some Names. "At least it wipes the slate clean."

However, all the advisers believe that those Names who are tempted to resign from Lloyd's should think again, because by doing so they will cut themselves off from potential future profits.

■ *Binder Hamlyn Helpline for Names. Tel: 081-666-9736 and ask for Michael Voller.*

R L

### Average family faces £10 per month rise in premiums

**T**HE PROBLEMS of the Lloyd's market will have an impact on the cost of motor and household insurance. But those buying insurance will be more affected by the heavy losses of the conventional insurance companies – such as Sun Alliance and Royal Insurance – highlighted this week by new figures from the Association of British Insurers.

The ABI, which represents insurers on the company market, warned this week that the "average" UK family would pay an extra £10 a month for their home and motor insurance as a result of recent premium rises.

The ABI's figures showed that insurance woes are not confined to Lloyd's. After suffering their worst

results for generations in 1990, UK insurance companies reported record trading losses of £3.3bn last year, with motor insurers hit by underwriting losses of £1.2bn.

However, the companies' main problems stemmed from mortgage indemnity policies, which insure building societies against losses they suffer on the sale of repossessed properties. With the number of repossessions rising and house prices falling, claims multiplied last year and losses of £1.2bn dwarfed premiums. Losses from substandard damage to domestic properties rose to £540m.

Ian Rushton, chairman of the ABI, warned that the £10 a month figure is

very much an average. "Where the industry is making and foresees exceptional losses, the increases may be significantly greater. Some rates have almost doubled already and these reflect the dramatic losses."

Ian Rushton, chairman of the association, said: "In the UK, for every £1 of premium collected, insurance companies paid £1.30 in claims and expenses."

By contrast, most of the recent losses at Lloyd's have affected syndicates specialising in commercial insurances such as marine and liability policies for large companies, and catastrophe reinsurance.

Lloyd's is the leading insurer of

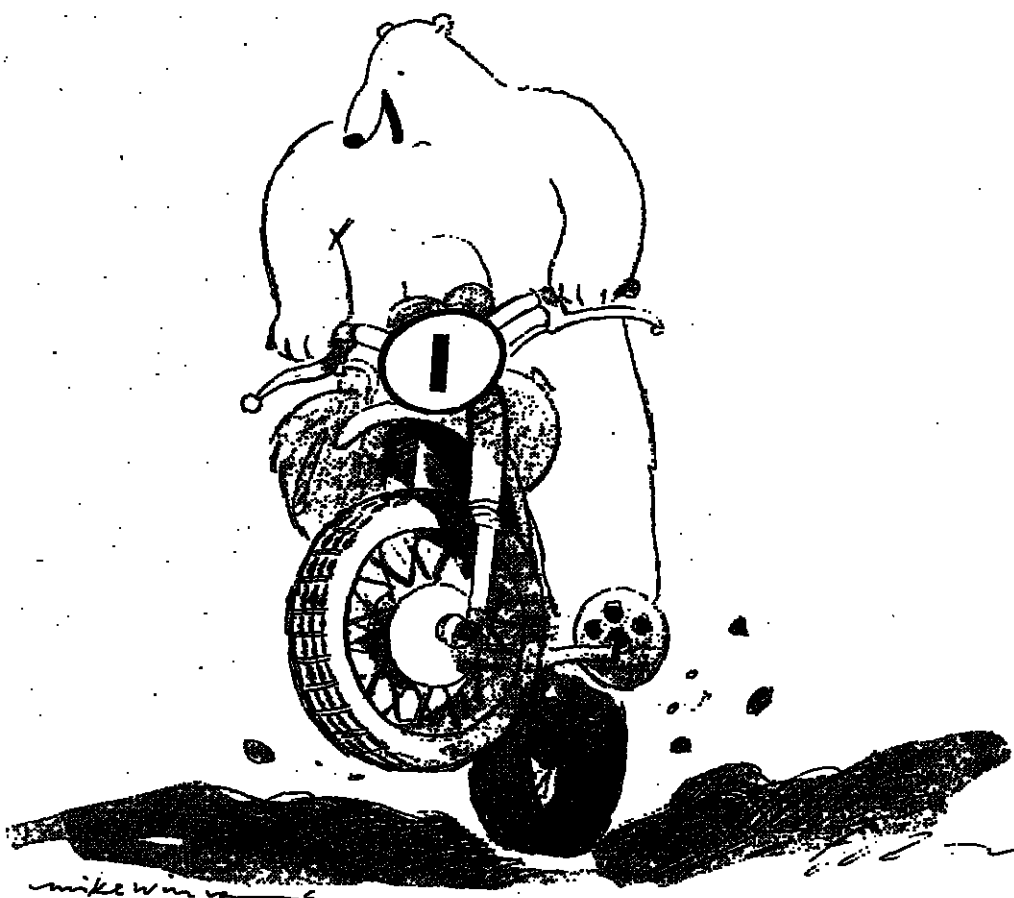
private motorists, with a market share of 14 per cent. But its results in this sector have been good. The 28 syndicates insuring private cars recorded a profit in 1989.

Syndicates have been affected by the surge in claims in 1990 and 1991 and George Johnston, chairman of the Lloyd's Motor Underwriters Association, is expecting a small loss in 1990. Johnston cites the big rise in crime and recession-related claims as the main reason.

Rates at Lloyd's have increased. Ralph Sharp, managing director of Castle Holdings, which manages one of the Lloyd's market's biggest motor insurers, says premium rates have

risen by 50 per cent over the last 18 months, although this takes into an increase scheduled for July. Paul Scott, partner of Lloyd's brokers Roger Lark and Sedgwick, believes that the increases charged by Lloyd's syndicates lag behind those pushed through by the companies.

Meanwhile, the ABI said some of the increase in claims was due to bogus and inflated claims, which cost it an estimated £400m last year. The Association is launching an advertising campaign next month in a bid to deter fraudsters. Mike Jones, chief executive of the ABI, said: "We aim to identify, spotlight and prosecute the fraudsters. They must not be allowed to get away with dodgy claims."



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## FINANCE AND THE FAMILY

## Ombudsmen's workload doubles

Scheherazade Daneshkhu studies the increasing number of complaints concerning building societies

COMPLAINTS to building society ombudsmen have more than doubled over the past year. There were 9,525 complaints and inquiries in the year to March 31, according to the scheme's annual report, compared to 4,451 in the previous year. This is six times the figure for 1987-88, the scheme's first year.

Stephen Edell, the first ombudsman, said he could not account for the "flood of complaints" and said the rise was even more remarkable since Abbey National had become a bank in 1989 and therefore fell outside the jurisdiction of the scheme.

A third ombudsman, Brian Murphy, was appointed last month to join Edell and Jane Woodhead in coping with the workload.

There was also an increase in the number of cases taken up by the ombudsmen from 642 to 1,070 over the same period. Formal decisions were made in 392 cases, of which 19 were resolved wholly in favour of the customer and 45 were "partially" resolved in the complainant's favour.

The ombudsmen can make awards up to £100,000 though the largest compensation that has so far been made is £25,000. Edell said most awards made last year were in "hundreds of pounds or the low thousands."

Investment interest rates: The sharpest rise in complaints was about interest rates on

savings accounts, with over six times more complaints than in 1989-91. Typically, a building society will launch a new account with much publicity while closing an existing account to new investors. The new account will usually pay higher rates of interest but those in the old account are often unaware that there is a better replacement available.

Most of these complaints arose as a result of the launch by Nationwide Anglia of its Bright Horizons investment range in late 1989 but Edell said many other building societies operate in the same way.

He said that the onus was on investors to be "vigilant" about their savings but that building

societies should make information about new accounts "reasonably accessible".

Repossession: Complaints about mortgage repossessions increased by 171 per cent over the year. Edell said there were few cases in which action could be taken because the ombudsmen cannot stop repossessions nor can they deal with cases handled by the courts.

The most common complaint was that properties had been sold too cheaply by building societies, leaving the former home owner in debt to the building society. The ombudsmen said that even if he were to award compensation in some cases, he would not be

able to stop this being set off by the society against the amount owed by the borrower. Instant access accounts: If a society advertises an account as instant access, the ombudsman concluded that the customer must have instant access to the cleared funds. In one case, a family was short of money because the father was out of work. His first pay cheque was wrongly coded by the paying bank and it was put into a suspense account. The society said it could not make a withdrawal against the cheque for a further three days. The ombudsman found in the complainant's favour and his claim of £100 was reimbursed.

Errors in investment accounts: Societies sometimes credit or debit an account by mistake, usually without informing the customer. In one case, £1,000 was credited to a young man who thought the money had been sent by his parents and proceeded to spend it. The society realised it had made a mistake, debited £1,000 and charged the man for the overdraft. He paid £280 before complaining to the ombudsmen who ordered the society to recredit him with £740 (the part of the original £1,000 that he had not repaid) backdated to the time of the original debit.

Insurance: Complaints about insurance more than doubled,

mainly as a result of the fees customers are charged to take out insurance other than a package offered by a building society. Few cases were taken up because the ombudsmen had already said it was reasonable for societies to charge a small fee in return for consenting to particular arrangements.

Home income plans: Edell said there were under 50 complaints in this area but wanted to highlight the distress of elderly people lured into unsuitable schemes.

Edell said that home income plans which involved paying off a fixed rate mortgage with a fixed rate annuity were excellent and virtually risk-free. However, the danger with schemes with a variable mortgage and unit-linked bond investing in equities, is that the value of bonds can fall while interest rates rise leaving people saddled with a mortgage they cannot afford.

Since these schemes involve equity based investments, they do not fall completely within the jurisdiction of the building society ombudsmen. However, Cheltenham & Gloucester, Bradford & Bingley, and Britannia have agreed to co-operate with the ombudsmen, while Bristol & West and National Counties have refused. West Bromwich is undecided.

Building Societies Ombudsmen, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1K 1AW. 071-931-0044.

## Banks face challenge over teller machines

BANKS and building societies face their most serious legal challenge from customers over cash dispensing automated teller machines (ATMs), writes Barbara Ellis.

This is in spite of words of comfort from the Building Society Ombudsmen this week. They welcomed the new £50 limit introduced by the Code of Banking Practice, on losses from unauthorised use of machines unless the bank can prove fraud or gross negligence.

Some 400 customers assembled into an action group by J. Keith Park, solicitors, of St Helens, Merseyside, are to seek a High Court ruling, within the next two to three weeks, that banks and building societies operating teller machines are in breach of contract because the machines are susceptible to error and fraud.

Each of the 400 will make detailed claims for losses through alleged unauthorised withdrawals ranging from £90 to £15,000 and totalling close to £500,000. All the claims have been rejected by banks and building societies.

For example, Barclays stated this week that out of its 15m machine transactions each month, fewer than one in every 250,000 is disputed - which would imply 60 disputes a month. Dennis Whalley, of J. Keith Park, says he has deduced, from ATM dispute case numbers on Barclays' letters to customers, that disputes have been running close to 9,000 a month.

Barclays says there is no correlation between the volume of teller machine disputes and the reference numbers which relate to computer files.

For years banks and building societies have insisted that the ATM systems are completely secure and that money can only be withdrawn with the use of a card and personal identification number (PIN). The ombudsmen have almost invariably backed the institutions in rejecting claims from customers who detected "phantom" unauthorised withdrawals, saying that they must have unwittingly lost their cards, disclosed their PIN number or been the victim of a dishonest family member.

However, the 1989 Jack report on banking acknowledged that the PIN system was open to fraud and last year an engineer employed by the Clydesdale Bank confessed to removing £17,000 from customers' accounts by arranging phantom withdrawals using a hand-held computer.

## Pension plot thickens

EQUALITY between men and women ought to be a fairly straightforward matter. But when the UK government unveils its plans to make men and women equals in pension rights, the solution is likely to leave many unsatisfied.

This week is the closing period for comments on a government paper, published six months ago, outlining possible ways to ensure equality in social security benefits paid to men and women. At the heart of the problem is that, for a number of historical reasons, women have been allowed to retire at 60 with full State pensions while men have had to wait until 65.

Thus, women receive more pension benefits than men, because their payments start earlier. The European Court has ruled that this is unfair. However, since publication of the paper last December, government ministers have hinted broadly that the so-called "decade of retirement", which would allow individuals to retire anywhere between age 60 and 70, is unworkable. Instead, the gov-

ernment is leaning towards a common retirement age of 63. This will cost the public purse nothing, but it is still far out of tune with what is offered by most occupational pension schemes.

Mike Brown, a spokesman for the National Association of Pension Funds, the industry's trade association, said that the group has just submitted its own proposals in response to the government's paper, outlining ways to make flexibility workable and affordable for government.

The NAFP is urging a flexible decade of retirement which could begin at 60, but those who delayed receipt of their pensions until, say, 65 or 70 could receive higher monthly payments. The NAFP is calling for the re-introduction of an earnings rule which would prohibit those with salaries above a certain level from collecting government benefit. Thus, the government could ensure that it was not making payments to those who were still employed and would allow it to devote resources to those who have genuinely retired.

Pensions experts acknowl-

edge that part of the government's difficulty with flexibility is the fact that UK benefits are funded on a pay-as-you-go basis, with younger working people paying for the pensions of their parents. The government's view is that it would have to assume that if it passed new laws allowing all men to retire at 60, it would have to raise taxes to cover the possibility that all would choose to do so.

But Ron Amy, pensions director at Grand Metropolitan and vice-chairman of the NAFP, argues that this is nonsense. "The worst case assumption that everyone wants to retire at 60 must be challenged. People's decisions are much more likely to be driven by whether they have a job or not."

Furthermore, Amy said, there is already some flexibility in the state pension system with women having the choice of retiring between 60 and 65 and men having a similar choice between the ages of 65 and 70. "Why not just extend all choices to everyone?" Amy says.

Norma Cohen

## New issues: a taxing problem for stags

AFTER the famine, the feast. The new issue market seemed never to have recovered from the stock market crash of November 1987 but, suddenly, investors have an embarrassment of riches.

Investors interested in this summer's crop of flotations - including Wellcome, MFI, Taunton Cider, Kenwood and the Daily Telegraph - should bear in mind the tax position if they are to profit to the full. Capital Gains Tax will have an immediate impact on "stags" - those who buy new issues with the intention of making an instant profit by selling at the first opportunity.

The general rule is that if net gains for a tax year exceed the annual exemption - currently £5,800 - CGT will be payable on the excess at the taxpayer's marginal rate. Wives now have their own exemption but a transfer to your spouse, immediately followed by a sale, may provoke an Inland Revenue challenge.

In theory, the taxable gain will be reduced by any purchase commission payable to a stockbroker or other agent but, in practice, new issues tend to be acquired directly rather than via an intermediary.

Applicants will frequently be using borrowed funds, particularly on the more popular issues where the only way to secure a reasonable allocation is to apply for far more shares than you really want or, in many cases, can afford. The bad news is that interest payments and other financing costs do not qualify as deductible under CGT regulations.

The indexation allowance - which raises the base cost of an asset in line with the increase in the Retail Prices Index over the period of ownership - has become an invaluable CGT concession for long-term shareholders but will be little for stags. Although indexation usually starts to operate from the first day of the month following acquisition, there is no allowance if the shares are held for less than ten days.

Even those stags who are prepared to contemplate that degree of sale deferral are hardly likely to be influenced in their decision by the pro-

spect of a measly one-month inflation linkage. CGT can be avoided if the shares are injected into a personal equity plan within 42 days of flotation, but using a PEP in this way will eat into the investor's annual PEP allowances.

All this talk of capital gains has proceeded on the optimistic assumption that gains will indeed be there for the taking. It previous new issues are anything to go by, a fair number of burnt fingers should be anticipated. How can disappointed stags mitigate their losses?

Gains of this type are sheltered from the usual income tax charge on employee benefits by an exemption introduced in 1988. This is forfeited if more than 10 per cent of a share offering is set aside for employees or if priority rights are skewed in favour of directors or other higher-paid staff. In practice, every offer made since 1988 has complied with these conditions.

Unfortunately, this privileged treatment is restricted to general offers for sale. Employees whose companies join the market by way of a private placing will be vulnerable to an attack from the Revenue if they pick up new shares on favourable terms.

Even in an offer for sale, the taxpayer will show no mercy to executives who pay less than the public for shares. Beneficiaries of a "discount" offer will pay income tax on the full amount of their discount.

David Cohen

David Cohen is a partner in the City law firm Paisner & Co.

## The Week Ahead

ONE OF the most important results of the week will be announced on Monday when British Steel reports figures for the year ended March. Investors will be hoping there is no repetition of the near 20 per cent fall in the share price immediately after the half-year figures, but the numbers this time are likely to make grim reading.

City forecasts vary widely but are all negative, from pre-tax losses of £75m to £185m - against profits in 1990/91 of £254m. The big question is what happens to the final dividend - the interim was unchanged at 3p but was accompanied by a veiled

warning about the final payout. The total dividend payment in 1990/91 was 8.75p a share.

General Electric Company will disclose on Wednesday its results for the year ended March that it is building up a "cash hillock", a smaller version of the cash mountain it built in the 1970s. It should have net cash of about £60m, with about the same amount tucked away in its joint-ventures with Siemens, Alcatel Alsthom and General Electric of the US.

Most analysts expect GEC to unveil pre-tax profits of between £280m and £340m against £318m a year earlier.

Kleinwort Benson forecasts that profits of about £240m should allow a material increase in the dividend to 9.5p from 8.3p last year with earnings per share up to 18.7p from 16p last time.

Loarho, the international trading conglomerate, is expected to report a significant fall in pre-tax profits and a cut in the interim dividend when it announces results for the six months to March 31. Pre-tax profits are expected to be between £25m to £50m compared with £100m. Most analysts expect the dividend to be cut in half, from 5p to 2.5p. Some believe it may be passed altogether.

## COMPANY NEWS SUMMARY

## TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market price	Price before bid	Value of bid	Value of bid
BHP	190	190	145	21.34	18 Group
Cornell	45	45	29	7.31	AFE SA
Dowry	190	190	145	21.34	18 Group
IRG	120	120	154	23.06	Corning
Pathology	270	270	237	91.08	Kelco
Microware	125 1/2	125 1/2	113	16.68	Meggit
Midland	480	480	372	104.0	Greene King
Northland	480	480	372	104.0	Greene King
Penny & Giles	263 1/2	263 1/2	235	34.11	Bowthorpe
Tyne Tees TV	224	224	234	30.53	Yorkshire TV
Worcester	225	225	188	80.50	Robert Bosch

\*All cash offer. †Cash alternative. ‡For capital not already held. ††Financially sound. ‡‡Based on 2.30 pm prices 26/6/92. †††Based on local prices.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit	Pre-tax profit	Dividend	Dividend
		(£000)	per share (p)		per share (p)
AAH Holdings	Mar	32,200	(28,700)	31.8	(29.7)
Aberdeen Ship	Dec	42,210	(3,270 L)	30.3	(3.1)
Alcoa	Mar	2,210	(5,250)	9.69	(15.47)
Amber Industrial	Mar	2,550	(1,610)	34.0	(17.2)
Brifdale Group	Mar	202	(1,530 L)	1.5	(0.2)
BPB Industries	Mar	37,800	(7,800)	1.5	(11.25)
Bristol Water	Mar	5,240	(2,970)	68.9	(38.5)
Brit Airways Holiday	Mar	2,700	(2,100)	-	(-)
Brown Shipley	Mar	27,140 L	(3,720 L)	-	(4.7)
Brown & Tawse	Mar	975 L	(1,170 L)	-	(8.5)
BTP	Mar	18,200	(18,000)	14.8	(15.4)
Calsonic Int	Mar	34,700	(35,300)	24.1	(25.0)
Campbell & Arma	Mar	823 L	(944 L)	-	(2.0)
Caswell Brothers	Apr	696	(474)	9.07	(4.32)
Celtic Gold	Dec	86 L	(248 L)	-	(-)
Courts (Furniture)	Mar	3,000	(3,000)	19.7	(20.5)
Crown (James)	Mar	18,500	(19,500)	38.7	(45.1)
ERF	Mar	593 L	(4,470 L)	-	(4.0)
Feedback	Mar	366 L	(58)	-	(0.17)
Ferranti Int'l	Mar	36,800 L	(58,100 L)	-	(-)
Fletcher King	Apr	228	(628)	1.7	(4.0)
Gannone Value Inv	Apr	2,900	(2,500)	3.81	(4.18)
Halma	Mar	15,500	(13,300)	7.71	(8.2)
Hambros Int'l	Mar	488	(1,350)	0.01	(2.28)
Harley Oil & Gas	Mar	3,070	(6,150)	8.3	(16.1)
Harris (Plastic)	Mar	1,700	(1,710)	14.8	(10.03)
Hobart	Mar	210 L	(270 L)	-	(-)
Hogg Robinson	Mar	15,200	(8,160)	14.0	(7.4)
Investment Co	Mar	-	-	2.75	(3.14)
J&S Optimum	May	2,100	(2,200)	7.25	(7.64)
Jewry & Sims	Apr	4,550	(2,300)	8.0	(6.15)
JJI Group	Mar	3,170	(2,320)	9.3	(8.0)
Kalamazoo	Apr	611	(3,680)	-	(7.0)
Latham (James)	Mar	612 L	(383 L)	-	(3.75)
London Electricity	Mar	142,500	(103,300)	47.5	(34.7)
London Industries	Mar	11,900 L	(3,500)	-	(4.84)
M. Holdings	Mar	2,240	(6,200)	-	(9.3)
NSM	Mar	5,700 L	(3,700)	-	(0.84)
Northants Int'l	Mar	585,200	(542,500)	85.7	(78.5)
Scotronic Hides	Mar	2,540	(3,220)	2.18	(3.63)
South Wales Elec	Mar	72,500	(85,000)	30.3	(44.3)
Southern Electric	Mar	168,300	(159,500)	47.8	(51.1)
Stirling Inds	Mar	3,500	(4,070)	7.45	(9.02)
Stoddard Sakers	Mar	3,260	(2,510)	3.8	(2.8)
TGI	Mar	1,030	(820 L)	3.4	(1.0)
Tinsley Robor	Mar	581	(700)	-	(0.5)
Total Systems	Mar	757	(103)	5.11	(0.74)
Wagon Industrial	Mar	14,100	(21,500)	23.7	(38.5)
Wesssex Water	Mar	76,900	(66,000)	57.9	(50.3)
Westport Group	Apr	925 L	(1,080 L)	-	(-)
Whitcroft	Apr	4,480	(2,810)	5.65	(4.26)
Yorkshire Water	Mar	123,900	(114,100)	57.6	(52.2)

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit	Interim dividend
		(£000)	per share (p)
Airtours	Mar	5,590 L	(8,210 L)
Bankers Int'l	Apr	2,670	(2,380)
Caldwell Int'l	Apr	32	(153)
Chiltern Radio	Mar	178 L	(24 L)
Crown Comms	Mar	5,880	(4,680)
Electric Int'l	Mar	8,780	(8,910)
First Leisure	May	11,700	(12,100)
Granger Int'l	Mar	733	(1,230)
Greenwich Resources	Mar	568 L	(39 L)
Harcis & Hanson	Apr	3,160	(3,420)
Heavitree Brewery	Apr	177	(290)
Henderson Strata	Apr	571	(881)
Hoskyns Group	Apr	5,600	(8,500)
Kleinwort Charter	May	1,880	(2,700)
Lee (Arden)	Mar	804	(323)
Lynn Holdings	Mar	281 L	(105)
Polar	Mar	451	(482)
Prospect Inds	Mar	737 L	(112)
Ryan Hotels	Apr	1,190 L	(508 L)
Sapphire Group	May	1,040	(128)
Southern	Apr	176	(103)
Southern Business	Mar	7,110	(6,470)
TSS Group	Apr	92,000	(150,000)
Waterhouse Group	Mar	55	(108 L)

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax per share, except where otherwise indicated. L = Loss. \$ = Figure quoted in Irish pounds & pence. T = Attributable revenue. ‡ = Available revenue. # = Net revenue. \* = This year's figures for eight months.

## RIGHTS ISSUES

Barclays is to raise £22.7m via a 3-for-4 rights issue at 185p. Clarendon (Holdings) is to raise £22.4m via a 4-for-5 rights issue at 205p. Capital is to raise £2.68m via a 1-for-2 rights issue at 82p. Holson is to raise £2m via a 1-for-1 rights issue at 5p. Marling Industries is to raise £19.5m via a 4-for-1 rights issue at 15p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS  
Finestry Smelter Co's Int'l is to raise £7.5m via a placing of new ordinary shares & a new class of zero dividend preference shares. The Telegraph has set its flotation price at 325p, giving the group a market value of £435.5m.

## RESULTS DUE

Company	Announcement due	Dividend (p)		
		Last year		This year
		Int.	Final	Int.
GENERAL DIVIDENDS				
Abnott New Down Int Vet	Thursday	0.5	0.5	
Adams & Harvey	Monday	1.0		5.0
Alcoa	Thursday	1.0	3.35	1.0
Alphacore	Monday	0.3	1.4	0.2
Anglo United	Monday	1.1	3.76	1.1
Asprey	Monday	0.5	1.0	0.5
Berkeley Group	Monday	1.5	3.0	1.5
British Steel	Monday	3.0	3.0	3.0
Bronze Industries	Tuesday	1.45	5.75	3.0
Cardo Engineering	Monday	2.5	2.45	1.5
Charter Consolidated	Monday	1.71	6.1	1.71
Colson Int'l	Monday	7.0	14.0	7.0
Crown Comms	Monday	2.5	3.15	2.5
Debenhams Tensons & Chismoles	Wednesday	3.37	4.57	3.37
Europe Energy	Wednesday	2.4	3.6	1.0
Ferret	Thursday	2.3		
Fleming (Robert)	Thursday	2.1	5.44	1.46
Fuller, Smith & Turner	Friday	2.1	27.6	
General Electric	Wednesday	2.25	6.7	2.25
Gold Greenhouse Trust	Thursday	3.3	5.0	3.3
Grang Shipping	Friday	1.0	3.0	2.0
Havelland	Monday	1.8	2.9	1.8
In Shape	Monday	0.68	1.78	0.68
Jones & Shipman	Friday	1.0		
Joseph (Leopold) Holdings	Friday	1.0		
Lombard Lombard	Tuesday	3.1	12.75	3.1
Marsh	Tuesday			4.2
Matheson Electricity	Wednesday	2.0	2.0	1.5
MS Int'l	Wednesday	10.5		6.88
Northern Electric	Monday	1.0	1.5	1.0
Optimetric Corp	Thursday		11.28	5.65
Pacific Ship	Monday			
Petrols Food	Wednesday	1.05	2.1	1.05
South Western Electricity	Thursday	2.64	7.61	3.0
High Income Trust	Tuesday	10.67		5.25
Armedo	Friday	1.0	1.41	0.8
Walker & Staff	Tuesday	1.65	2.24	0.75
Tuesday	Tuesday		3.5	
EXTERNAL DIVIDENDS				
Carson	Tuesday			
Cherford Int'l	Wednesday			
Dryden Blowers	Friday	0.63	7.07	
Great Nicholson	Thursday		0.71	
Greenwich	Thursday	0.6	1.2	
Int'l National Finance	Thursday			
Lyfylls	Tuesday	0.32	0.81	
Overseas Group	Wednesday	2.5	4.5	
Greenwich Comms	Wednesday			
London Eurobond & Money	Wednesday			
Marcho	Wednesday			
Correll (Y.J.) Holdings	Tuesday	3.0	5.03	
Harvey Split Capital Tet	Monday	2.2		
Marine Fine Arts	Thursday	2.5	3.26	
Mersey	Thursday	2.5	1.35	
Armedo Petroleum	Wednesday			
Thames	Tuesday			
Willingby's Cons	Tuesday	1.0	1.0	
Wednesday	Wednesday			
Dividends are shown net (penal) per share and are adjusted for any intervening share issues. 2 = Second interim dividend.				



## FINANCE AND THE FAMILY

Investing in . . . South Africa

## Not just a black and white choice

**S**OUTH AFRICA forces a personal investor to face a unique dilemma. Any decision you make will not just be based on investment merits, for in the past two decades the climate of world opinion about the country has ensured that any such move must involve ethical and political judgments as well.

Even those who had no qualms about investing in a nation governed by apartheid still had to assess the stability of the regime. The effect of sanctions imposed on the nation's economy also remains to be weighed.

The ideal scenario is for South Africa to transfer peacefully to a regime which the rest of the world can stomach. This would leave the strengths of the nation's economy intact and, by allowing sanctions to be lifted, allow greater economic vigour.

Optimism that this could happen has grown since the release from prison of Nelson Mandela, leader of the African National Congress, in early 1990. However, it remains only a vague sentiment as far as big UK investors are concerned.

Trustees of charity funds have slowly begun to warm towards South Africa – for

example, David Edwards, of the charity investment management service at Henderson Crosthwaite, says: "What has tended to happen over the last year is that trustees have become less averse to the inclusion of South Africa, and that mirrors the sentiment of the average private client."

However, this mood has not translated into active investment. Edwards continues: "Now that trustees are relaxing their attitude to South Africa, investment fundamentals come back in. And I don't think many fund managers have put money into South Africa because it hasn't looked right, even though the political situation looks better."

Stuart Bell, of Pensions Investment Research Consultants, surveyed UK pension funds in 1990 and found that about half had some restriction on investment in South Africa. Nothing much has happened since then – the only local authority pension fund to change its policy was that of the London borough of Brent, following loss of control by the Labour party.

"Basically, it's still a political football," says Bell. "From the commercial outlook, there has been no reason for them to

amend their views anyway."

As a legacy of South Africa's pariah status, there are few ways to buy direct exposure to the country in the UK. Unit trusts are authorised by the Securities and Investments Board to invest up to 100 per cent of their funds in the Johannesburg stock exchange, but there are no "South Africa" unit trusts.

Funds in a commodities or gold unit trust, however, must almost inevitably have a considerable stake in the country. M&G's Gold & General fund, for example, has a holding of 32.8 per cent. But the commodity and energy sector is not one of the unit trust industry's stars. Over the year to June, the average trust in the sector lost 11.4 per cent, according to Finstat. Over two years this figure was 22.6 per cent, and over five years, 33 per cent.

Mary d'Eon, manager of Providence Capital's Gold unit trust, views the current situation as a long-term negative, but adds: "Any sort of strife in South Africa may make the gold price rise, which is good for the companies as well. I have a holding of 20 per cent in the major companies, and I will not be selling it."

A less risky route is to gain

exposure via companies quoted in the UK. Even "ethical" investors are now prepared to do this. The Merlin Ecology unit trust polled its unitholders and found a large majority against direct investment in South Africa until a "one man, one vote" system has been achieved. However, they were prepared to invest in a company which did more than its competitors to introduce good employment practices, and so the fund has invested in Reckitt & Coleman.

Reinvestment in South Africa has only just started, which may explain the market's muted reaction to the massacre in Boipatong last weekend. Mandela's subsequent decision to withdraw from talks on democracy with the government seemed to confirm the worst fears of the watching world, but the Johannesburg Stock Exchange index fell a modest 42 points to 3,539, while companies with overseas assets, such as Lonrho and Minorco, actually rose.

So, ethical arguments aside, is this the time to buy into South Africa? The answer must be: definitely not.

Jonathan Martin Smith, of the South Africa and mining department of stockbrokers

Williams De Broe, is positive about the country, but says: "You have a deep recession in South Africa and the timetable for recovery is put back by this violence. I'm not saying it's not at the bottom. I'm just saying it's wise to wait."

For the longer term he remains confident: "The will is there on both sides to make this succeed. We are not entering into a civil war situation. Violence will not disappear. But the government and the ANC are powerful enough to control it."

South African exchange controls are another reason for staying put. There is a separate currency for external investors, the financial rand, which is usually at a substantial discount to the main commercial rand. Foreign investors thus have a strong disincentive to sell, particularly in troubled times, when the discount grows – it went up to 27 per cent following the news of Boipatong.

So, South Africa needs to be watched. But those who do not already have exposure should keep it that way until the political situation is much clearer.

John Authors



Johannesburg: sanctions and political tensions make South Africa a risky place for investors

## FACTFILE: South Africa

Population (inc. homelands):	38.5m
Gross Domestic Product:	£190.04bn
Market Capitalisation:	£96.7bn
Inflation Rate:	15.6 per cent
Three-month Treasury Bill Rate:	13.97 per cent
Currency & Exchange Rate:	£1 = 5.2665 commercial Rand £1 = 7.1220 financial Rand

## Directors' Transactions

## Cash calls spark share sales

THE PAST week has been marked by directors selling in order to meet personal financial commitments. Martin Barber, the chairman, and Xavier Pullen, the managing director of Capital and Regional Properties, sold 484,000 and 242,000 shares respectively at 110p for tax liabilities.

The sale of 5m shares by James Connors, a non-executive director of Burford, the property investment group, was made for personal financial reasons. And at Steel Burill Jones, the insurance brokers, five directors sold shares in order to fulfil their obligations to Lloyd's of London.

Bodycote International, which manufactures industrial protective clothing, has been performing strongly over the past year. Sales by the managing director of operations in the Netherlands, and by Joseph Dwek, the chairman, were made at prices around 440p. The Netherlands operations MD no longer holds any stock in the company, but Dwek still retains a sizeable proportion.

Racal Electronics has also

been performing well following good final results and director buying continues unabated. Michael Richardson, chief executive of the electronic security division, has increased his holding by 100,000 shares at 67.5p.

At Porter Chadburn three directors bought shares following a period of relative underperformance and the announcement of final results. Raymond Dinkin, the chairman, William Lazarus, the finance director and Patrick Barrett, a non-executive director purchased a total of 121,000 shares at prices between 30p and 88p.

Three directors of King & Shaxson, the discount house, were also buying. David Pearce, the chairman, Ian Perkins, the managing director and James Beard, a non-executive director all bought shares thereby increasing their individual holdings considerably. Pearce recently replaced William d'Abbans as chairman and prior to this purchase held no shares in the company.

Angus MacDonald  
Directus Ltd

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Sector	Shares	Value	No of directors
<b>SALES</b>				
Acatos & Hutcheson	Fdm	18,833	20	1
Appleby Westward	Fdm	60,000	188	1
Bodycote	Cong	70,730	811	2
Burford Holdings	Prop	8,000,000	4,040	1
Canlors "A"	Stor	75,000	115	1
Capital & Regional	Prop	726,000	799	2
Concentric	EngG	3,000	11	1
EIS Group	EngG	39,405	156	2
Fired Earth Tiles	Stor	54,040	35	2
GI Portland CUL	Prop	250,000	240	1
Hambros	M&Bk	828,717	2,043	1
Scapa	IndM	187,149	360	2
Steel Burill Jones	InsB	282,500	735	5
Trace Computers	Elec	105,250	34	4
Watmoughs	Mdia	41,850	185	1
Wickes	Blgm	65,000	56	1
<b>PURCHASES</b>				
Bedford (Wm)	Stor	200,000	44	1
GI Portland	Prop	125,000	173	1
Willesdown Holdings	Fdm	20,000	39	1
Inchcape	BusS	6,000	23	1
Johnston Group	Blgm	10,000	20	1
King & Shaxson	OthF	28,500	21	3
Morrison (Wm)	Fdm	12,000	14	1
Owen & Rob Ln Nls	Stor	850,000	850	1
Owen & Rob A P Ref	Stor	500,000	275	1
Parkland Tex ANV	Text	30,000	23	2
Pilkington	Blgm	10,000	13	1
Porter Chadburn	Cong	121,000	48	3
Racal	Elec	100,000	58	1
Elne	InsC	5,977	15	2
Royal Insurance	Moto	90,000	100	1
Sand Murray Elder	Blgm	32,500	31	1

Value expressed in £200s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options ("I" if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 3-7 September 1992.

Source: Directus Ltd, Edinburgh

## WALES

The FT proposes to publish this survey on September 16 1992.

from its print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be read by senior businessmen and government officials in 160 countries world wide. It will also be of particular interest to the 130,000 directors and managers in the UK, who read the weekday FT. If you wish to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Wales, call

Clive Radford  
on 0272 292565 Fax 0272 225974  
Merchant House, Wapping Road, Bristol BS1 4RU  
Data source: BMRC Businessman Survey 1990

FT SURVEYS

# If you ain't broke, fix it.

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Put it in a National Savings

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At the end of the 5 year term, the interest rate, equal to 10.75% pa gross, will have worked its magic.

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Capital Bonds are sold subject to the terms of the prospectus. Please note that your application can only be accepted if the Series you ask for is on sale when we receive it. If you use this coupon to buy by post, when we receive your completed application form and cheque we will send you your Bond together with a copy of the prospectus. We will send them to you within 14 days. The purchase date will be the date we receive your application. If on receiving the Bond and the prospectus you wish to cancel your purchase tell us in writing within 28 days and we will refund your money (but please note that no interest is payable on a cancelled purchase). Post Office purchases do not qualify for the 28 day cancellation period.

Interest will be credited to your Bond each year. At the end of five years we will pay back your capital with all the interest earned.

Lower rates of return are paid on early repayment. No interest is paid on amounts cashed in before the first anniversary of purchase; thereafter the rates will be as specified in paragraph 18 of the prospectus. So, if you choose to make partial withdrawals you will earn a lower rate of interest on the amount withdrawn, thereby reducing your overall return.

Please note that the maximum holding in Capital Bonds is £100,000 excluding any holding in Series A.

If you want us to fix things for you, here's what you do:

## TO APPLY

Complete the application form below to buy Capital Bonds by post – we pay the postage. Make your cheque payable to 'NATIONAL SAVINGS (CAPITAL BONDS)' – using CAPITAL letters for this part of the cheque. Post your completed

application form and cheque to National Savings (CB), Freepost GW 3276, Glasgow G58 1BR.

If, before applying, you would like more information or a prospectus, phone us free on 0800 868 700 between 9am to 4.30pm Monday to Friday. Or buy them at your post office, where you can also get a

**NATIONAL SAVINGS**

When completed please return this form with your cheque to: National Savings (CB), FREEPOST GW 3276, Glasgow G58 1BR

**NATIONAL SAVINGS CAPITAL BONDS Series D** Application to purchase

1 I apply for a Bond (subject to the terms of the prospectus) to the value of £  (Minimum purchase £100 and multiples of £100)

2 If you already have a National Savings Capital Bond insert Holder's Number

Please use CAPITAL letters

3 M  Surname

(Mr Mrs Miss Ms) All forenames

Address

Postcode

Date of birth (Essential if under 7)  Day  Month  Year

4

Signature

Date

Daytime telephone number

This form cannot be used to purchase a Bond at a post office



## THE CAPITAL PORTFOLIO

## A New Private Client-Style Investment from Save &amp; Prosper

Save & Prosper's new Capital Portfolio has at its core an investment concept that has already proved successful. It is the same concept that stockbrokers have provided for their private clients for years. That of simply concentrating on a small number of well known quality shares encompassing a broad enough range of investments to ensure a good spread of risk. In addition, Capital Portfolio gives you the opportunity to talk to the Investment Adviser at an annual investment forum.

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*Quoted by, Managing Director, Flemings Private Asset Management and Investment Advisers to the Fund.*

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The Fund will have probably no more than 25 holdings. Investments will be in established companies with strong earnings potential like ICI, Tate & Lyle, Guinness, Tesco, British Petroleum and British Telecom.

**CAPITAL**

**portfolio**

And many blue-chip UK companies should be the first to benefit as the economy starts to come out of the recession. However, as you know, an investment in the stock market can go down as well as up.

**Invest now for a 1% introductory discount offer**

We are offering investors in new Capital Portfolio a special 1% discount on the offer price of units. An offer worth £50 on the minimum investment of \$5,000.

But to qualify for the discount, your application must reach Save & Prosper no later than 3rd July 1992.

Don't miss out on this exciting investment - complete the coupon below or talk to your financial adviser. Or, for more information, or to invest by phone, just use our free Moneyline 0800 282 101.

\*Source: The WM Company.

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9.00 a.m. - 5.30 p.m. 7 DAYS A WEEK

To: Save & Prosper Group Limited, FREEPOST, Romford RM1 1BR.

Please send me details of Save & Prosper's Capital Portfolio.

Surname

Initials

Mr/Mrs/Miss

Address

Postcode

Home Tel (STD)

No

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So that we may call and offer further information.

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It's likely to bring a smile to your face.

Remember that the value of your investment may fluctuate and you may get back less than you invested. The past is not necessarily a guide to future performance and the tax treatment of PEPs may change in the future.

\*Source: BZW Investment Trust Service (1st May 1992) based on mid-market price.

To Stewart Ivory and Company Limited, 45 Charlotte Square, Edinburgh EH2 4HW. Telephone 031-226 3271. Please send me full details including the financial results of Saints.

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## FINANCE AND THE FAMILY

## Pension purchase fears

Pension fund managers fear that evidence of Robert Maxwell's raids on pension schemes of companies under his control is being used to induce people, particularly those who have just been made redundant, into mistaken purchases of personal pensions.

Company scheme managers feel frustrated by the present rules which prevent them from advising members but have allowed thousands of inappropriate sales to take place.

The harm done may not be apparent for some years, but they say that disciplinary action by Laidro (Life Assurance and Unit Trust Regulatory Organisation) now under way will not address this basic flaw.

Paul Trickett, head of pensions at the Miners' Pension Scheme, said some 12,000 of the 16,000 miners leaving the industry last year had transferred into personal pensions. The scheme had paid out £400m in transfers, implying around £30m worth of sales commission.

Trickett said a number of insurance companies had recruited former miners as salesmen, sending them to sell pensions to former workmates after just two weeks' training. "We get relatively elderly men - some over 55 - who would have had a guaranteed indexed pension for life and for their widows with the Miners' Pension Scheme. They transfer out, and that has got to be poor advice," he said.

Trickett added that in some cases miners still working had left the scheme to take out

rebate-only pensions without life insurance cover.

"It cannot be best advice for someone in the mining industry to have no death-in-service or disability benefits," he said.

Barred by the Financial Services Act from giving advice to members on transfers, the miners' scheme is considering arranging free access to independent advice on a non-commission basis.

The scheme provides all leavers with a leaflet setting out questions that pension salesmen should be asked.

Until recently, the leaflet included a statement which,

leaflet, partly because nobody ever signed it.

Mark Adams, of Rank Xerox pensions, said that the group had published a booklet specifically dealing with pension transfers after becoming concerned at seeing members with deferred pensions withdrawing substantial amounts of capital when this was really not appropriate.

The Rank Xerox booklet explains that the group cannot give advice on transfer decisions. It suggests that scheme members should "if necessary consult a financial adviser who will be able to

large assurance company over an advertisement run earlier this year in the legal and public notices sections of local St Helens papers.

"ATTENTION All past employees of Pilkingtons, UG Glass, Cromptons, Bury Times, NHS, Fords, Marks & Spencer and any other major company and any other are currently employed or unemployed," read the advertisement. "Call Eric, it could be to your financial advantage."

Requests for transfers into the personal pensions scheme resulted, but quite a few were from people already receiving Pilkington pensions, while other were from former employees who had taken cash refunds in the days before preservation of benefits.

Neate pointed out that under the Financial Services Act, although he could give generic advice, he would be committing an offence to recommend the products of A over B.

"It seems some of the big pensions companies do not see themselves as bound in this way when perhaps they should," he said. "They do not allow lack of knowledge of our schemes to stand in their way when they travel for business."

"Whatever the theory underlying the financial services legislation, too often the fact is that the member's or former member's interests are forgotten when there are commissions to be had," said Neate, who succeeded in getting the advertisement withdrawn only after threatening to inform both Laidro and the FT.

## Company pension managers are becoming worried by the sales of inappropriate personal schemes says Barbara Ellis

the scheme suggested, salesmen should be asked to sign, confirming that in respect of the cash equivalent transfer value from the MPS, the pension plan supplied would provide "no less benefit than you would have been entitled to had you kept your benefits with the Miners Pension Scheme."

"No personal pension provider could sign that," said Steve Conley, pension product manager at Refuge, who acknowledged that salesmen's failure to sign had put a brake on sales to former miners. However, the Miners' Pension Scheme had dropped the statement from its latest

give... objective advice". But Adams expressed doubts about some brokers claiming to be independent but apparently putting 99 per cent of their business through one company.

"There are very few cases you can salvage," he said. "It seems when people talk to brokers all we get is the request when the member has already signed a transfer form."

At Pilkington, Robert Neate, the group pensions manager, said that salesmen's attempts to persuade early leavers out of the scheme seemed particularly cut-throat. He recalled a battle with a

## Unlucky numbers

I WONDER if you could tell me the odds of winning a single prize on ERNIE (the Premium Bond computer) with a holding of £10,000 in 10,000 consecutive numbers over a period of two years.

After the first year of no prizes, I wrote to the Bond Office to check the numbers' validity. This was confirmed. Another year later, I have still not won anything from this maximum holding.

According to the National Savings you have been "quite phenomenally unlucky". On each monthly draw, someone with your holding has ten chances in 11 of winning at least one prize. Thus, by the law of averages, over 11 months you would expect to win ten prizes. Not to win any in 24 months, when you might have expected to win 21, stretches the bounds of probability to the limit.

However, ERNIE is random, according to National Savings - numbers are computer-generated, and the fact that occasionally someone is as unlucky as you have been only proves that ERNIE is random.

## CGT and IoM bonds

IN 1979 I purchased two single premium life insurance bonds from an insurance company registered in the Isle of Man. I was, at the time, a UK citizen in long-term overseas employment, had gone through official Bank of England emigration procedure some years before, and was accepted by the Inland Revenue as not resident and not ordinarily resident in the UK.

From 1972 onwards I owned houses in the UK and Spain, both available for occupation. In 1980 medical problems led me to retire to Spain, and subsequently to the UK where I have become resident. My enquiry relates to the tax status of the Isle of Man policies. I have been told that if I encash them I will be liable to income tax on the gain, in the year of encashment, but subject to "top slicing relief" as if they were normal UK single premium bonds. To date I have not drawn any income from the bonds, or dealt with them in any way.

1. Is my understanding that the bonds are treated in a similar manner to normal UK single premium bonds correct?

2. What would be the tax position (income, capital gains, inheritance) if I transferred ownership to my wife and she later cashed the bonds, during my lifetime or after my death?

3. Would a transfer to my wife trigger any form of tax liability?

4. What would be the tax position if the bonds remain in my ownership until my death (ie what would be the position for my executors)?

1. Yes - because the policies were issued before November 18 1983.

2. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

Death: Income tax on the excess of the surrender value (before your death) over the premium, subject to top-slicing relief as on surrender.

3. No.

4. Income tax as though you had surrendered the policies immediately before dying. IHT as part of your estate.

## Correction

THERE WAS an error in the reply "Mistake on two homes" given last week. The correct reply is as follows: As a married couple, you and your husband can receive mortgage interest tax relief on only one property even if the house is your main residence and the flat is his main residence. It makes no difference whose

## Q&amp;A

## BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

names the properties are in. Usually where a married couple own two properties, one of them will be their joint main residence (in your case probably the house). If in fact you and your husband will have separate main residences, the one you bought first will be treated as your joint main residence for mortgage interest relief purposes.

This tie-breaker rule to which this refers is at Section 366B(5) ICTA 1988.

## BEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
<b>INVESTMENT A/Cs and BONDS (Gross)</b>					
Scarborough BS	First Post	0800 590578	Instant	£1,000 10.40%	Yty
Cheltenham & Gloucester BS	London Share A/C	0800 717505	Instant	£2,500 10.40%	Yty
Bristol & West BS	Balmain A/C	031 226 3857	Instant	£25,000 10.90%	Yty
Cheltenham & Gloucester BS	Premier A/C III	0800 272505	30.9.94	£10,000 11.75%	Yty
Cheltenham & Gloucester BS	Golden Term Share	0800 717505	4 Year	£25,000 12.25%	Yty

<b>TESSAs (Tax Free)</b>					
Allied Trust Bank	071 626 0679	5 Year	£9,000 12.68%	Yty	
National Counties BS	0372 742211	5 Year	£3,000 12.00%	Yty	
Exeter Bank	0592 50635	5 Year	£250 11.25%	Yty	
Vernon BS	061 429 6262	5 Year	£111.70%	Yty	

<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>					
Caledonian Bank	HICA	031 556 8235	Instant	£1 8.50%	Yty
UDT	Capital Plus	0734 560411	Instant	£1,000 9.40%	Yty
Chelsea BS	Classic Postal	0242 121391	Instant	£5,000 9.75%	Yty
				£10,000 10.00%	Yty
				£25,000 10.50%	Yty

<b>OFFSHORE ACCOUNTS (Gross)</b>					
Woodwich (Guernsey) Ltd	Intl Gross	0481 716735	Instant	£500 9.50%	Yty
Yorkshire Guernsey BS	Key Ninety	0481 719968	90 Day	£20,000 10.75%	Yty
Yorkshire Guernsey BS	Key Term Share	0481 719968	31.8.93	£10,000 11.00%	OM
				£25,000 11.25%	OM
				£50,000 11.75%	OM

<b>GUARANTEED INCOME BONDS (Net)</b>					
Prosperity Life FN	0800 521546	1 Year	£25,000 8.35%	Yty	
Financial Assurance FN	081 367 6000	2 Year	£5,000 8.30%	Yty	
Liberty Life FN	081 440 8210	3 Year	£25,000 8.40%	Yty	
Financial Assurance FN	081 367 6000	4 Year	£5,000 8.25%	Yty	
Astra FN	0800 010575	5 Year	£50,000 8.40%	Yty	

<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>					
Investment A/C		1 Month	£5 6.50%	Yty	
Income Bonds		3 Month	£2,000 9.25%	Mly	
Capital Bonds D		5 Year	£100 10.75%	OM	

<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
37th Issue		5 Year	£25 8.00%	F	OM
5th Index Linked		5 Year	£25 4.50%	F	OM
Childrens Bond B		5 Year	£25 10.94%	F	OM

This table corrects errors in the previous issue. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate. (All other rates are variable) OM = Interest paid on monthly. H = Net Rate. F = Bond. Y = Rate fixed until 1.10.92. F = Rate fixed until 1.10.92. F = Rate fixed until 1.10.92. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Welham House, Statham, Norwich. Readers can obtain a complimentary copy by phoning 0800 282200.

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## PERSPECTIVES

## Walking over England: a foot-slogger's diary

Charles Leadbeater braved blisters, fell-runners and bed and breakfast accommodation galore in a coast to coast marathon

■ St Bees Head to Ennerdale Bridge, 14½ miles.

A HUGE jellyfish washed up on the ribs of sand on the beach at St Bees Head formed my starting point as I set out to cross England to the North Sea. I headed up the steep cliff path, decked in flowers, which marks the edge of the bleak industrial belt of Cumbria in north west England.

I was steered to and then away from the Whitbourn chemical works — which announces itself with billowing smoke and violent eruptions of effluent in the sea hundreds of feet below — into a string of working class villages, the rows of terraced houses unrelieved by the comforting homogeneity of tourism. No welcoming signs offered bed and breakfast or bar meals; these are enclosed, hard places. A man working on his allotment next to the River Ehen confided: "It took a long time to put down roots. For 10 years after I moved here I was desperately unhappy."

From the village of Cleator and over the rounded hill of Dent one descends into the hidden valley of Nannycatch, its steep sides threaded by a stream which leads into Ennerdale, the gateway to the grandeur of the Lake District.

■ Ennerdale Bridge to Rosthwaite, 14½ miles.

From the farm where I had lodged for the night, I skirted the lake, so still that it might have been newly-laid that morning. Walkers emerged from tents along the way which leads into Ennerdale forest. I escaped the pained whine of an industrial saw only when I climbed up on to the fells, drinking most of my meagre water supply in the sun's glare on a saddle of land just below the peak of Great Gable.

After lunch I scrambled down the scree of Aaron's Slack to sleep in the afternoon sun by Sty Head Tarn. My little toes were starting to ache, my mouth was parched, my pack felt every pound of its 40lb weight. The pains grew in step with my anticipation of a cup of tea at the café at Seathwaite farm. At the bottom I found walker's nightmare No. 1: the café was closed.

■ Rosthwaite to Patterdale, 17½ miles.

I breakfasted in my guest house with Noel, 70 years old, disabled by a stroke, passionately jealous of my ability to walk. He is one of a generation for whom rambling in hills is not just walking but a joyous



release from urban entrapment.

Beyond the cloud which hung on the floor of Langstrathdale I clambered up to the lip of Green Up Edge. It proved to be walker's nightmare No. 2: a series of plausible false horizons, each beckoning as the end of the climb, each disappointing, until a flat stretch of ground opened out on to a view of the easy descent to Gramere.

A steady ascent from the tourist village where the poet William Wordsworth lived led to Grisedale Tarn; it provided, in blazing sun, a collective swimming pool below the mighty bulk of the mountain Helvellyn. Here three public school boys were upstaged by a working-class lad — after taking the plunge he announced to the hillside thronged with walkers: "It's a good job I'm wearing my thermal jacket."

Walker's nightmare No. 3 passed me on the long descent to Patterdale: a 60-something fell runner with enough breath to give me a cheery greeting as he swept past for his evening run up to the tarn and back.

■ Patterdale to Shap, 16 miles.

My bed and breakfast was a bungalow called The Struggle, so named after the battle the owners fought with the Lake District planning board to get it built. The board insisted upon Lakeland slate for the roof. At £1,500 a tonne, the 11-tonne roof must be one of the most valuable bungalow roofs in the UK.

A long traverse took me to the peak of the High Street range, the easternmost edge of the Lake District. The steep descent to the ugly, half-full Haweswater reservoir tempted my frail calf muscles as I tried to compensate for blisters on my toes. Result: blistered toes and wrecked calf muscles. Hobbling along the reservoir shore I was joined by walker's nightmare No. 4: an 18-year-old travelling at jogging speed. At Shap, in a newsagent's well stocked in walker's medicaments, I acquired some magic spray which I liberally applied to my calf muscles. I slept for 12 hours.

■ Shap to Kirby Stephen, 22 miles.

The magic spray seemed to have

restored some spring to my legs as I crossed the M6 motorway and headed over the rolling limestone hills into the delightful village of Orton. A stunning traverse along an escarpment showed the way to Kirby Stephen, but after 16 miles my legs began to collapse, my knees grinding like uncoiled gears beneath the weight of my rucksack.

At breakfast in the Black Bull inn the landlady fussed over two huge farmers who had driven overnight from Devon to buy sheep at the town market that day. Between massive mouthfuls they complained bitterly about the depths to which sheep prices had fallen.

The walking was becoming more painful. As I entered Keld, a tiny village at the head of the Swale, my walking style was that of a human beetle. But I had reached half-way.

Martin and Olwyn, owners of my bed and breakfast stop for the night, had previously run a pub in Basingstoke but had fallen foul of recession. Now they virtually spit at the mention of the town's name. I

admitted — sheepishly — that Basingstoke was my home town. I was driven back to Keld to rejoin the path. It was flat, easy walking beside the Swale; part of the route followed the old Corpe Way, along which mourners used to carry the dead from churchless Keld, to be buried at Reeth.

That evening in the King's Arms in Reeth all the walkers on the coast to coast route gathered spontaneously — accountants, builders, library clerks — to exchange tales of woe, anecdotes and horror stories about blisters.

■ Reeth to Bolton-on-Swale, 16 miles.

After a hearty breakfast I found it easy to walk the 10 gentle miles to Richmond by lunchtime, following the banks of the Swale until a gentle climb took me into the town's narrow streets and alleyways. Richmond stands at the mouth of the Yorkshire dales as they open out on to the flat expanse of the Vale of Mowbray. Beyond Richmond the Swale is despoiled, polluted, dirty, dank. Along one stretch I spied a

man about his Sunday afternoon pleasure, violently wielding a huge spade above a rabbit hole, ready to smash the skull of the stricken animal as it was driven out by ferrets.

■ Bolton on Swale to Ingelby Cross, 19 miles.

I breakfasted with a criminal court judge from Portland, Oregon, who revelled in recounting the tale of how his house had had his \$50,000 sports car stolen at knife point. After about two miles walking I met Derek and Edith, part of a seven-strong team from Northamptonshire police, doing the coast-cross walk for charity. They said they were disillusioned with what they saw as the de-professionalisation of police work, and planned to start their own business: photographing weddings.

That afternoon, ploughing across the Vale's flat broad acres, came the first rain of the walk, which accompanied me into Ingelby Cross. I had nowhere to stay, but on hearing this the woman running the Post Office put me up in her spare room. ■ Ingelby Cross to Clay Bank Top, 12½ miles.

A beautiful undulating walk in crisp air and sharp sun took me along a ridge of the Cleveland Hills, broken by granite outcrops, with clear views up to the chemical and steel plants of Redcar and Middlesbrough to the north.

It was so exhilarating that at the day's end I gladly walked an extra two miles to my stopping place, a farm B&B run by a resourceful woman who told me that she was the first woman priest in the north-east of England. The farm was started in 1938 by the lady vicar's father, who sat in the living room, paralysed by a stroke. He asked me to tell him when the Second World War was, as if he were finding out for the first time.

■ Clay Bank Top to Glaisdale, 18½ miles.

Ulra Moor was covered in mist and blown by driving rain. Utterly alone, I set my face into the wind as if to cleanse myself. After four miles, I reached Bloworth Crossing. Headlights emerged out of the mist. At first I thought it was an army convoy on manoeuvres, but it turned out to be a column of 16 vehicles in a shooting party. Later, a helicopter swept over to deliver the host, Rocco Forte, the leisure industries millionaire.

A comfortable walk along the long-disused track of the old Rose-dale iron mine railway led me to the famous Lion Inn at Blakey, windswept and alone on the moor. The police team arrived, disorganised: one was very ill and two failed to make it because they had got so drunk the night before.

■ Glaisdale to Robin Hood's Bay, 19 miles.

I stretched out the last day of my walk for as long as possible. I chatted to a local farmer, who pointed out how years of drought were killing the trees and plants. I gazed at the giant "golf ball" buildings of Ryllingdales, an early warning system against nuclear attack made defunct by the collapse of the Soviet Union. And finally, I ambled down Eskdale, across the moors and along the cliff-tops into the fishing village of Robin Hood's Bay, where I joined a stream of smiling walkers soaking their feet in the sea.

My journey — almost 200 miles — was over. As I rested, six men ran down to the sea at a pace which I could not have maintained for more than 20 minutes. The walk had taken me 16 days — they had run it in six. It did not matter. I was content to feel that I knew at least one path through England.

## Minding Your Own Business

## Pin-stripe acupuncturist

Heather Farnbrough meets a private-sector physiotherapist

IN HIS pin-striped trousers, plain shirt and tie, Tony Monkcom looks more like a City dealer than an acupuncturist or physiotherapist.

He and his wife Alison (also a chartered physiotherapist) own and run the Kingston Clinic of Physiotherapy and Complementary Therapies, offering both conventional and "alternative" therapies. In spite of their keen interest in complementary medicine, making a profit matters as much as making people better.

Indeed, the clinic has made a profit each year since it opened — but it has been six years of careful saving and late-night book-keeping sessions. Like many physios, Tony supplemented his income by treating a few patients privately after he qualified as a chartered physiotherapist in 1980. Using his fees, he spent £900 on an ultrasound machine — then a rarity in many NHS hospitals — to treat soft tissue injuries to muscles, ligaments and tendons.

While working in hospitals in Windsor and Ascot, he became interested in acupuncture after observing that some problems, such as acute low back and neck pain, migraine headaches, sinusitis and certain forms of arthritis, did not respond to conventional treatments. After a two year part-time training course, he qualified as an acupuncturist in 1987.

He had continued to treat private patients in the evenings. But the local council refused him permission to use his home as a surgery on the grounds that car parking would be a problem.

So Tony moved to Kingston, where he bought an Edwardian three-bedroom semi-detached house with a large reception room he could use as a treatment room. In a new area he had to start building a reputation all over again.

He visited all the local businesses and shops, and wrote to all the local GPs and dentists. But it was only after he had visited a number of general practice managers that local doctors started to refer patients to him for physiotherapy.

Tony meticulously followed up every patient's first consultation with a letter to their GP, whether or not they had been referred. "I had to build up a reputation quickly," he says. "I knew I had to get people better fast."

To compete with other private practitioners, he needed good, up-to-date medical equipment. But he had to buy it gradually, and has always, except for the mortgage on his house, refused to borrow. His most expensive items have been a £20,000 interferential therapy machine (treatment with this feels like pins and needles, and transmits an electronic frequency to relieve problems with joints, low back pain, or tennis elbow), and an £2,500 laser machine (which treats damaged tissues with a concentrated light beam). Altogether, he has spent nearly £22,050 on medical equipment, furniture and word processing software and hardware.

After a couple of years he wanted to expand his client base and began to offer



At the sharp end: Tony Monkcom went from NHS to private

acupuncture, and then complex homeopathy, which combines a number of low potency homeopathic and herbal remedies.

"I send a lot of people to the Kingston clinic because Tony Monkcom is a good clinician in his own right and can offer a wide range of therapies," says a local GP. "I don't see it as an alternative to the NHS because the NHS can't offer that range of treatments."

In 1987, Alison moved in and became the practice manager, and Tony took on two part-time physiotherapists. A podiatrist — a chiropodist who specialises in lower limb and foot problems — runs a clinic one afternoon a week. This has increased the number of clients — and clinic revenue — but it has created other pressures, too.

"The headaches start when you employ other people," says Tony. "When you treat people yourself it's important to be a good practitioner. When you employ others, you have to be a good manager as well."

Some 60 per cent of clients come through referrals from GPs and consultants; a similar proportion use private health insurance schemes to pay for acupuncture and physiotherapy. The waiting time for appointments is usually a week, sometimes 10 days; at local hospitals the

waiting time for non-emergency treatments can vary from two to 12 weeks.

There are currently some 2,000 to 3,000 patients on the books. This May, Tony took on a five-year lease and moved the clinic to a 750 square foot bungalow at Ham Common which now houses just the practice. This has allowed him to add a couple of treatment and to separate home from work. He intends to start marketing the clinic with a series of talks for local GPs and consultants: the goal is to build a network of practices.

The Monksoms are conscious that private patients expect good service. They try not to let patients wait more than five minutes for appointments, and patients are never called by their first names. Medications are dispatched speedily.

By staying away from the more extreme fringes of alternative medicine, the clinic has avoided a "crank" reputation and stayed on good terms with local doctors. What counts, ultimately, is the ability to make patients better. The Kingston clinic certainly cured my tennis elbow last summer.

■ Kingston Clinic of Physiotherapy and Complementary Therapies, 39 Ham Common, Ham, Surrey TW10 1JG 081 332 2946

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## GARDENING

## The seeds of discontent

There is tension over the sorbet in the Sloane-Wally household, reports Robin Lane Fox

IT IS an extraordinary season and its wonderful strangeness has not been lost on the Sussex Old Rectory to which Julian and Veronica Sloane-Wally emigrated from Onslow Gardens in 1986.

Since then the property-market has gone wildly up and now wildly down, narrowing the former Sussex-to-London gap. None the less, there are no thoughts of returning, because the garden is coming on stream. Five years is the span which a newly-planted garden needs in order to begin to show its mettle. This weekend, the Sloane-Wallys are entertaining friends in a big way, but there is a slight unease between them as they look at the fruits of their past years' experience. It goes beyond the usual ups and downs of mistakes and difficult seasons.

It is not just that the entire garden, like yours or mine, may well be over for the year by Sunday. All week, Veronica has been praying that the old-fashioned rose borders will not have dropped their petals

by 6pm on Saturday: even Julian lost some of his optimism when he found himself dead-heading the pink delphiniums on Wednesday after work. Magenta geraniums are fading with the first flush of flower on the purple petunias, and the tassels of Love-Lies-Bleeding are already tumbling from the terracotta pots which Julian recently bought.

For Love-Lies-Bleeding is not quite the emblem of the enterprise, but, as the five years have passed, a clear rift has developed between the two partners' styles. Histories of gardening have much to say about the great English gardens which have resulted from husband-and-wife partnerships, but they have less to say about those which emerge when he and she disagree.

Julian has held firm to his taste for boldness, order and formality: this weekend, he is particularly proud of the walk of upright Ballerina apple-trees, which he bought for the lower lawn when they first appeared at Chelsea. Veronica, however, has wavered.

At first, she thought she wanted controlled planting in formal beds, packed together tightly so that none of it flopped. In the last two years, she has changed course and now has fastened on to the natural look. Wild flowers keep company with purples and pale yellows as a breath of hedgerow in the garden. There are no weed-killers in her ecological Eden, although the white Ox-eye daisies have driven out everything else which she raised from the famous Farmers Night-

more seed-mixture, pioneered by Miriam Rothschild.

On late summer evenings, Julian longs to root out the jungle of white-flowered Feverfew which has been allowed to seed into Little Singhurst, the all-white garden which they started together, adding a touch of purple foliage. When Veronica caught him with a Killarney in the twilight, the two of them realised that a garden can become grounds for divorce. Since then, separate spheres have been the answer. Half of the garden is trimmed, edged and given over to Julian's growing taste for clipped hedges. The other half has meadow planting in which vetch twines among Evening Primrose and white-flowered Lavatera Barnsley.

Gardens should breed unity, not

division, but what really alarms Julian is that this taste for the hedgerow has spread to the cooking. No weekend seems safe, nowadays, from one of Veronica's forays for food from the wild: they have had nettle soup, dandelion salad, and she seems to believe everything she reads in Richard Mabey's old best-seller, *Food for Free*. The trouble has been compounded by a reunion with her old friend, Tiffany. She asked Veronica up for one of her fund-raising evenings for the Marsden Hospital, but for once Veronica did not return overwhelmed with nostalgia for her old Chelsea comfort-area. Instead, she returned with a new zeal and plans to make ice-creams from the worst weeds in the English hedgerow.

According to Tiffany, who is very

conscious of the planet's future, this last week in June is the golden moment for an ice sorbet, the main ingredients of which can be gathered free from any hedgerow in England.

All you need are 15 to 20 heads of fully-opened flowers of an elder bush, preferably gathered on a sunny day when they are most strongly scented. Veronica swears by a Joscelyne Dimbleby recipe. It involves buying a pound of gooseberries, topping and tailing them, heating them up with the elder flowers, a spoonful of lemon juice and water, and then letting this mixture cool. Next, you should add two-thirds of a pint of cream, whipped until stiff but not thick; mix the cream into the syrupy mixture and let the whole thing cool for

several hours in a freezer. To Veronica's eye, the hedgerows this weekend are a foaming mass of greenish-yellow potential ice-cream, being ignored by the British public, who go shopping for highly-priced raspberries instead. To Julian, there is now a threat of elder among his clipped walks of purple lilacs; dinner parties, this weekend, have a definite air of tension.

On a trial run, the elder flower ice-cream turned out very odd. This weekend, Julian is trying to ease tension with a simpler alternative from his days of bachelor cooking.

What country people knew yesterday Sloane-Wallys recycle for today's weekend, and so Veronica and Julian find themselves arguing about how best to make a pudding out of a plant which, five years ago, they were poisoning to death with SBB. First, it was the design; now it is the cooking. Gardening is not a bed of roses, and once the hedgerow look intrudes, there is nothing - not even a sorbet - at which its converts will not stop.

## Geraniums improve their status

HARDY geraniums have increased quite remarkably in public favour over the past few years. It seems only a short time ago that they were regarded widely as second-class herbaceous perennials and rock plants useful for their reliability and for the good ground-covering qualities of some varieties but attracting scarcely any specialist attention.

Now, it is quite different. There are four national collections of geraniums, the largest in the lovely garden that Marjorie Fish made at East Lambrook Manor, South Petherton, Somerset. This has been maintained by Andrew Norton and his wife, who have enlarged the nursery which has been attached to the garden for many years. Their collection has 250 species and garden varieties.

This is 100 more than the second-largest, which belongs to Rosemary Lee at Combe Gardens, Coneyhurst, Billinghurst, West Sussex. She also runs a nursery, but that is open by appointment only. There are plenty of other nurseries, both specialist and general, that hold good stocks of geraniums and they seem to be increasing all the time as

demand grows.

Hardy geraniums are related to pelargoniums, much used in conservatories and for summer bedding outdoors. They are commonly, but wrongly, called geraniums: pelargoniums are not hardy. A few geraniums are genuine native plants. Some have been introduced to gardens and have produced useful varieties which have been given distinguishing names. There are also a number of species, introduced from other countries, that have liked British conditions so well that they have jumped the garden fence and established themselves in the wild.

One of these is *G. sanguineum*, which grows wild in sand dunes where it makes prostrate carpets of dark green, deeply-divided leaves studded with magenta flowers. It is a fine plant in its own right although rather a harsh colour, but in gardens it has produced several varieties, including one named *lanceolatum* which is a delicate pink. Another, less prostrate variety, with bright pink flowers, is called *Shepherd's Warning*. All these are small enough to be planted in rock gardens, or they can be used as edgings to borders where they can be kept under control easily.

Very different is *G. macror-*

*hizum*, a foot-high rambler with clammy, aromatic leaves and clusters of small pink flowers which vary quite a lot in shade. The best, I think, is *Ingwersen's Variety*, and it is widely available. The leaves turn bronzy-red in the autumn - and it has leaves all year, so that it makes excellent ground cover. Although it spreads rapidly, it can be pulled out very easily if it strays too far.

Another fine native species

Arthur Hellyer looks at the increase in hardy varieties

is the Meadow Cranesbill, *G. pratense*. In the wild it is always found on chalk or limestone; in the garden it does not seem to mind if the soil is alkaline or moderately acid. It is 2 ft or more in height with deeply-divided, very attractive leaves and loose sprays of violet-blue flowers. But the colour is variable, and I have grown one with pearl-grey flowers, which I find very attractive. Johnson's Blue is much like *G. pratense* and is, in fact, a seedling from it, probably pollinated accidentally from

another species. The flowers are a particularly fine deep violet-blue; but there is obviously some confusion about this variety as, in trying to buy plants of it, I have collected three quite different things from different nurseries.

*Cranesbill* is a popular name that can be used for all the hardy geraniums. It refers to the seed vessels, which are long and pointed like a beak. They remain decorative long after the flowers fade.

There are several middle-height geraniums for the centre of the border. Two of the best are *G. ibicem* and *G. magnificum*, but I find them so alike that I actually cannot be sure of the difference. Both have deeply-divided leaves and large, violet-blue flowers.

*G. himalayense* is a little shorter and also has large violet-blue flowers, but with a deeper centre. There is an excellent double-flowered variety of this, *G. renardii* is worth growing for its foliage which is rounded, deeply-veined and sage-green. The flower colour is off-white with purple veining.

Two eye-catchers that can reach 3 ft are *G. phaeum* which, in its most popular form, has very deep maroon flowers and is known as Mourning Widow; and *G. psi-*

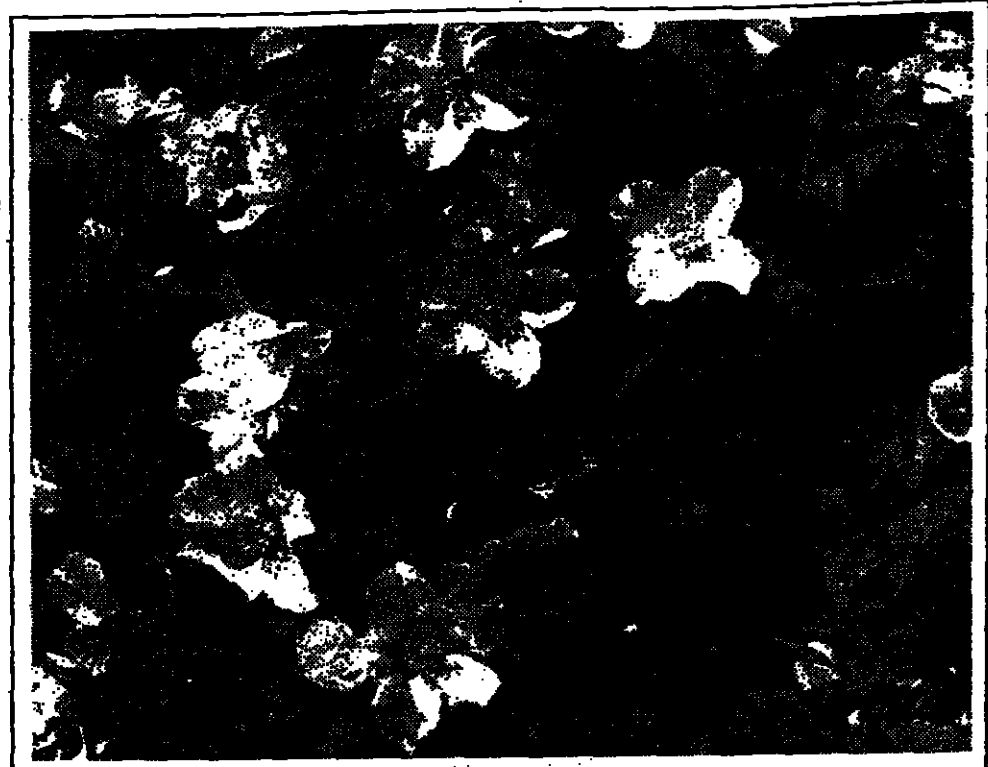
*lotestemon*, which is a gay magenta with a darker centre. *G. endressii* is a cheerful rambler which makes ideal ground cover up to 18 inches thick and is covered for much of the summer with rather small, clear pink flowers.

The best form for colour is *Wargrave*. Like *G. macrorhizum*, it is pulled out readily if it strays too far and it is one of the easiest plants to increase by division.

For the rock garden, or for growing on a dry wall made with plenty of soil in place of mortar, several varieties of *G. cinereum* are ideal. These have grey-green leaves, greener in some varieties than others. The best forms, all called subcaulescens, have abundant magenta flowers.

If you want the very brightest of the lot, look for the additional name *Splendens*. This really is a splendid plant for establishing on a grey stone wall. Look also for *Ballerina*, which has grey leaves and pale lilac, purple-veined flowers.

Yet another pretty, creeping kind is *G. Buxton's Blue*, the which has light blue flowers with white centres. Unfortunately, this is one of the very few that can be a little difficult to grow, and it should be put in a place where the drainage is



Plant of the Week

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## SPORT

# Snapshots from a week of action

John Barrett picks the highlights from five Wimbledon days packed with exciting matches

**T**HE EVENTS of a busy first week at Wimbledon flash past the mind's eye like the pages of a flicker-book.

Dan Maskell, the BBC's voice of Wimbledon since 1951, who has not missed a day at the championships since 1939, is presented with a silver salver to mark his retirement by the Duke and Duchess of Kent.

Two British wild cards, Mark Petchey and Chris Wilkinson, score victories on the busiest-ever opening day when 65 matches are completed in the sunshine... the courts are firmer than usual and look magnificent, though Pat Cash claims the grass is longer and the balls softer. "Rubbish," says the All England Club. ... Jeremy Bates defeats the No 7 seed, Michael Chang, on the second day when another 50 matches are played.

Andre Agassi looks like a pony with his long bleached mane poking out through the back of his white cap... his match against the Russian Andrei Chesnokov is a tremendous affair of fierce baseline driving. But wait a minute. What is this... 12-stroke rallies on grass? ... surely not... the match is left unfinished overnight as the first rain falls... the American's bright halo is tarnished when he sweats at an official and is fined \$1,500 (\$210) ... undismayed, he advances to the third round.

There are players from 25 countries in the men's draw, 25 of whom are American. The same influence can be seen in the women's field where there are 28 Americans among players from 29 countries. After requesting stateless status, Monica Seles agrees to be a Yugoslav after all and opens her campaign with a virtually gruffless win over Jenny Byrne of Australia. ... Shirli-Ann Sidall and Amanda Grunfeld are the only British women to survive the first round... predictably, they lose in the second... the drug testing programme - or lack of one - is discussed... who is Anna Bolis anyway?

Julie Halard, of France, causes the first ripple by knocking out the No 4 seed, Arantxa Sanchez-Vicario of Spain, who now turns her mind to dreams of Olympic gold... a second women's seed falls as the tiny Japanese lady, Kimiko Date (15) is beaten by America's Gigi Fernandez.

Martina Navratilova, chasing a tenth singles title, loses a set to the American teenager Kimberley Po And the match is halted overnight by bad light... she survives the next day... "I watched the BBC highlights programme last night and saw what I was doing wrong," says Martina... The heavies all sail serenely through the first round - Courier,

Edberg, Stich and Becker - without raising a bow wave, but Landl ploughs through stormier waters against Becker's German team-mate Kuhnert... in the second round the powerful young gunslingers, too, are finding their range, Croatia's Goran Ivanisevic firing 34 aces against Australia's Mark Woodforde while the Australian's partner, Todd Woodbridge, is mown down by America's Pete Sampras.

Richard Krajicek thunders down his cannonballs from a great height against the bewildered Dutchman

**Andre Agassi looks like a pony with his long bleached mane poking out through his cap**

Paul Haarhuis, and Volkov of the CIS fires his swerving, left-handed aces with blinding pace to bounce the Czech Stankovic... Son of Fred, otherwise Sandon Stolle of Australia, booms down some huge deliveries in ending the run of Englishman Chris Wilkinson... By Wednesday night the referee, Alan Mills, is smiling. Last year the first four rainy days had yielded only 52 results; this time he has completed a record 200 matches in three days, one more than the previ-

ous high in 1984... the decision to start all matches on the outside courts at noon has been a success, but will there be enough matches left to satisfy the spectators with ground passes only? Yes, says the referee - plus an opportunity to rest one of the courts each day.

The pace quickens on Thursday with treachery on Court 13 as Czech-born Jakob Hlasek, now the Swiss No 1, beats the 15th seed, Petr Korda, the Czech No 1, in a five-set match that contained a 30-game final set... Becker, looking distinctly worried, is caught at two sets all by another Czech, the unknown Martin Damm, ranked 116, and wonders if he will be able to reach the final for the seventh time in eight years. "I'd never seen this guy before... at 2-2 in the final set you start to worry."

A third women's seed goes out as Natalia Zvereva downs the No 2 Spaniard, Conchita Martinez, who, like Sanchez-Vicario, must now look to the Olympics for consolation. Clearly, it is not the best of years for the Sanchez family. Emilio had lost in the opening round to Volkov and now out goes brother Javier to the British No 1, Jeremy Bates, who is entering the third round for only the second time since 1987.

Life as a national hero is proving a burden for the 30-year-old Bates... "I'm sitting at home on the telephone at lunch and I have four

press people in the front garden... I'm astonished at the reaction... I simply won a match."

Suddenly Wimbledon catches fire as two former champions, both unseeded, battle for four hours on the Centre Court. The American left-hander John McEnroe, the champion in 1981, 1983 and 1984 and already discussing possible retirement, plays the 1987 champion, Pat Cash. The Australian is a part-time player these days, having competed in only three tournaments this year, and is into rock music. His guests for the day are Ronnie Wood of the Rolling Stones and Jimmy White. Like the defeated snooker finalist, Cash should have won - could have won, anyway, in four sets.

But McEnroe, encouraged by coach Larry Stefanki to take the ball early and trust his own reflexes to find those impossible angles on service return, is inspired... his instant reactions on the volley against Cash's fierce drives are miraculous... lacking match play, Cash cannot convert his chances... to a standing ovation the pair leave the court with McEnroe the victor 6-7 6-4 6-7 6-3 6-2.

It has been one of those special Wimbledon moments, and expectations for a repeat performance today - "People's Day," when 2,000 Centre Court seats will be available at reduced prices to the overnight fans - are understandably high.



Aiming for the top: Jeremy Bates who reached the third round this week

**T**O THOSE who care about such matters, Tom Kite's victory in US Open last Sunday maintained the scheme of things. If the weather had remained as overcast and windless as it had been for the first three days, then we might not be saluting GHI Morgan or Jeff Sluman. Morgan and Sluman are fine but not outstanding players, and Pebble Beach, an outstanding course, has always produced a champion worthy of its setting. Pebble Beach has staged three US Opens, won by Jack Nicklaus, Tom Watson 10 years later, and now Kite.

Kite, 42, does not diminish this category, for he has been a very good player for a very long time, long enough to have racked up nearly \$7m (\$3.7m) in prize money from the US tour, more than any other golfer. He is also the professional's professional, hard-working and popular, respected by his peers and a man who has a true sense of what golf is all about.

He has competed in the Open for years, for example, realising that an ability to cope with the seaside courses in Britain is essential for someone striving to become a world golfer. Kite was one of the few Americans who came to Royal St George's in 1985, a year when many of his countrymen gave the Open a miss because they did not like what they

had heard about the course. In 1979 and 1982 Nicklaus and Watson were the world's dominant golfers. Kite is not their equivalent in the 1990s, but at last he has rid himself of the tag that was beginning to drive him nuts - that of the best player never to have won a major championship.

"I really felt good about Tom

**'Kite's nerve held well enough to suggest that now he has won one major, he could win a couple more'**

Kite," Kite said. "I felt good about my career, my family. I felt so fortunate. I guess what bugged me was the only thing that people wanted to talk about was why I had never won a major. It was as if all the other things I had done did not count for anything."

When I thought of Kite and major championships I always remembered a putt I had seen him attempt in the 1986 US

Golf/John Hopkins

## Kite flies in the sea breeze

Masters. It was the year that Jack Nicklaus won for the sixth time. Kite was rying for the lead in the fourth round when he left an 8 ft uphill putt short on the 14th green. To miss was forgivable but to leave such a putt short was not. He will never win a major championship, I thought. He has not got the heart for it.

This view seemed to be confirmed by other events in Kite's career. In the Open at Royal St George's in 1985 he led approaching the 10th green of the fourth round - only to pull an approach shot, then a bunker shot and under-hit a chip. He finished joint eighth. At Oak Hill in 1989 he led the US Open by three strokes after 58 holes, only to triple bogey the 5th and end with a 78. So

there was some justification for doubting Kite's nerve in a crisis.

Kite's nerve held well enough last Sunday to suggest that now he has won one major, he could well win a couple more. He went from the 7th hole where he took a three-stroke lead to the 16th playing the putt for 1, for one, did not think him capable of under pressure. He dropped the shot at the 16th and 17th but when it looked as though he might be beginning to wobble, he gathered himself with one memorable stroke.

Even with a two-shot lead, the 18th at Pebble Beach is a nerve-racking hole. Fred Couples once took a nine there. Kite had driven with a three-wood all week for safety and accuracy, but now, on the lip of victory, he chose a driver. It could have been disastrous. The slightest hook and his ball would have ended in the Pacific, next stop Tokyo. He could hit a long safe shot to the right of the trees in the fairway.

Instead, showing his courage, Kite hit his drive down the daring left side of the fairway, starting it out over the sea so that it would land safely to the left of the trees. We saw a new Tom Kite at Pebble Beach last Sunday. He did not do what Kites do on windless days and fall to earth. Instead, he soared high; he deserved to win.

Sailing/Keith Wheatley

## A working boat goes racing

**O**CEAN LEOPARD has become the boat to beat in today's Island Race. Last year the 60 ft maxi-yacht smashed the monohull record for the annual 53-mile gallop round the Isle of Wight, so every one of the 1,500 competitors on the start line will be watching her chances of a repeat performance. But owner Mike Slade is cautious about her chances.

"Coming out of the dream on the Sunday morning after last year's race, we realised that we'd been incredibly lucky," says Slade, chief executive of property company Helical Bar. "If it's blowing a fresh northerly then maybe we could do it again."

"Round the Island is a great race for Leopard. She's got long legs and needs time and space to pick up her skirts and so."

What gripped many sailors about her 1991 feat, taking 22 minutes off the old time, was that the yacht was still equipped with bridges, washing machines and sofas from her working role as a charter yacht. Slade packed her with over 30 old chums, when a minimal racing crew would have been 18.

Ultra lightweight hi-tech racing machines make so much of the news in modern sailing. Yet here was a yacht, albeit big and expensive, that any everyday sailor could identify with enjoying the limelight. The Round the Island jaunt was the perfect race for Leopard to win: an annual festival of sail - now the biggest

regular yacht race in the world - attracting every one from one-race-a-year "picnickers" to the professional hotshots. David Alan Williams is both the designer of Ocean Leopard and acts as her racing manager. Slade's yacht was the eighth of his Ocean 80 hulls to be constructed; most are now cruising yachts and he gains great joy from seeing one raced hard.

"No two rigs or keels have been the same," explained Williams, "so you could say I've had a decade of full-size testing."

**'Here was a yacht that any everyday sailor could identify with enjoying the limelight'**

For all Slade's insouciance about the chances of another record, Ocean Leopard has spent the past fortnight having a new keel fitted. She went into Hamble Yacht Services almost as soon as she arrived back from her winter charter season in the Caribbean. Re-launch was only two days ago.

"I started designing the new keel in January and I'm fairly sure it will give us better performance in light air. It's a relatively conventional lead bulb on a steel fin," says Williams, one of the more successful, if less fashionable, yacht designers

of the past decade. "The previous tandem keel was 'sticky' if the breeze dropped."

Several new sails, a heavy-air spinnaker and No 4 genoa, have been added to the Leopard's inventory, although not just for the Round the Island. Later in the summer she is entered for the Round Great Britain race, an event where Slade reckons the record is also up for grabs. "We want to do well but these are all fun races, not the America's Cup, and everyone aboard occasionally reminds themselves of that," says Williams, who also sails as race skipper during the Niouargue festival in St Tropez and the hectic Antigua Race Week each spring.

So far, so glamorous. Yet in 1991 Ocean Leopard was beaten around the island on handicap by a 26 ft Folkboat, a 50-year-old design. It is the event's charm that such things happen and are enjoyed by all.

The magic even rubs off on those who wish to charter the yacht for a simple holiday or day's corporate sailing, and wouldn't dream of racing in 100 years.

"Leopard has to earn her living, but it's incredible how the high-profile of last year's record has given clients new interest in her," said Slade, who skips the yacht from behind the wheel rather than the owner's cabin. If she were a racehorse, this would be her Derby Day: a little bit of fashion, a lot of fun, and a great deal of competition. "If we can take line honours we'll be happy," says Williams. "Records come under the heading of luck."

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## Motoring

## The perfectly formed joys of a microcar

Stuart Marshall tests the latest fashion from Japan

**T**HEY CALL them microcars. There are dozens of different models, all small and beautifully formed, made by companies which produce cars that are household names. For driving where road and parking space are at a premium, the cars cannot be bettered.

Sadly, there are only two ways of getting one. Go and live in Japan or arrange to bring one into Britain as a personal import, of which more in a moment.

In Japan, these under-600cc-engined microcars form a sub-class - "sub" only in size, certainly not in sophistication. Just consider the diminutive Daihatsu that the UK importer, Daihatsu UK, invited me to sample in Jersey a few days ago.

The Mira Turbo TREX Avantazato - a very big name for a very small car - the Leza Oxy-R and Spider have fuel-injected, turbocharged and inter-cooled three-cylinder engines (naturally with catalytic con-

verters) putting out 68 horsepower at 7,500 rpm.

Mira and Leza were air-conditioned, which was bliss in temperatures more like those of the Cote d'Azur than the Channel Islands in early summer. They had central door locking, electric windows and power steering. Gadgets on the Mira included a CD player with remote control and screenwipers and lights that switched themselves on automatically when it rained or got dark.

Jersey is a beautiful island. It has beaches the size of those in Brittany, rocky summits and a rural interior laced with tiny, high-hedged lanes. Nowhere can you drive legally at more than 40 mph (64 kph). There are plenty of 30 mph (48 kph) and 20 mph (32 kph) limits, too.

They are strictly enforced - and why not? Who has any reason to go faster on a patch of land measuring 10 miles (16 kph) by six miles (9.7 kph) on which the only straight piece

of road is barely two miles (3.2 kph) long?

So, all I can say about the performance of these muscular midwights is that, given full use of the five-speed gearbox, they kept up to 40 mph with an Olympic sprinter's speed and threaded through heavy traffic. One Opti even had part-time four wheel drive. Should the front wheels lose traction - as they might on snowy hills or even in a damp, grassy paddock - you thumb a button in the gear lever knob and some of the power is put through to the rear wheels.

The tiny Daihatsus are not much longer than a Rover Mini

but are tall for their size, so headroom is generous. They ride well. Providing you overlook some elbow touching with your front passenger, they do not feel ridiculously small when you drive them. Daihatsu UK has no plans to bring microcars into Britain, at least while the number of units it can import is limited by quota. For the moment, it makes more sense (and more profit) to sell £8,000 Charade family hatchbacks and £10,000-plus Fourtrak and Sportrak recreational 4x4s than Optis from around £5,000 upwards. If the urge to own one is



Small but powerful: the Daihatsu Opti OX, not officially available in the UK

irresistible, call Clive de Carle of Rare Imports on 0734-713244. He ships in all manner of officially unobtainable Japanese cars, from the Honda Beat mid-engined microcar (this column, December 7 1991) to a super-luxury Lexus coupé with active suspension.

As a personal import, you would have to collect it from Jersey or pay for it to be delivered to your home. It is a slightly grey area of the motor trade but de Carle is reassuring on matters like routine maintenance and the availability of spare parts.

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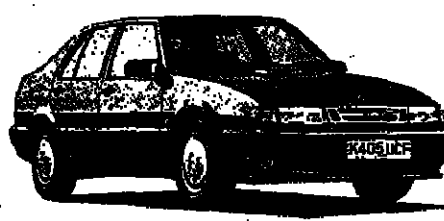
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## SUMMER FOOD AND DRINK

Royal Ascot is over, England have lost the Second Test but the Season is still in full swing. Henley and Goodwood are among the treats to

# Life beyond Chardonnay

**B**ELIEVE IT or not, people other than advertising salespersons recognise "summer wine" as a concept. As soon as Wimbledon and school sports days are in prospect, wine drinkers like me suddenly become passionate about things like rosé and fino sherry that we ignore in midwinter.

Recent in-depth immersion in the bottles on offer from Britain's wine merchants and wine-minded branches of the supermarkets left me Chardonnay out, and I am most enthusiastic about a clutch of characterful rosés, and the exhilaratingly light, taste-busting SOCIETY'S FINO (24.75 from The Wine Society of Stevenage); much more of a dry white than a sherry.

It is ludicrously cheap for a high-strength (16 per cent), high-tradition wine. But perhaps the Spanish government has decided to subsidise the whole of the sherry business as well as everything else this year. In for an Olympic

As for the rosés, most captivating of all for drinking with food was MAS JULIEN ROSE, COTE D'AUZ DU LANGUEDOC 1991 (£5.95 La Vieillesse of London SW7), a heady, berry, savoury wine made from Cinsaut, Syrah (the two most successful grape varieties for rosé) plus Mourvèdre and Carignan. This is hand-made wine which would grace any dinner table – none of your Tizer. Skall's FORTANT ROSE DE SYRAH 1991 (£3.49 Victoria Wine) is a bit more Tizerlike (as the grape-embossed bottle suggests) and another Languedoc specimen, but it is very lively, crisp and aromatic, and is saved by its good acid from tasting cloyingly sweet – a common inconvenience in pink, and especially, "blush" wines. Equally good value is a wine made from the Bordeaux grape in Chile, SANTA RITA CABERNET SAUVIGNON ROSE 1991 (£3.99 Oddbins) which starts fruity but finishes dry. It would make a good, easy aperitif.

Prize for the most delightfully bizarre wine available at more than 150 shops must go to the BRACHETTO D'ACQUI (£6.99 Oddbins) made by the late Giacomo Bologna in Piedmont, famous for taking Barbera seriously. I tasted it just after sampling a range of supermarket wines too often characterised by the need to buy to a price, most notably in a bevy of artificially fruit-fla-

voured fizzes specially concocted to fall below the 5.5 per cent alcohol low-strength duty limit. Part of what attracted me to this weird, dark rose-coloured, musky, sweet-but-balanced, frothy remnant of Piedmontese tradition was, I must admit, its "so what?" alcohol level of 5 per cent. But it also tastes defiantly of real grapes rather than the stinks lab.

Too many Chardonnays today (to my probably rather precious palate) taste man-made rather than made. And there are signs that supplies of everyone's favourite wine, "South East" Australian Chardonnay, may just be finite. An increasing proportion of Oz whites on sale in Britain are blends of Chenin/Colombard/Semillon/Chardonnay, in order to keep the bottles below those blessed price points.

This may have something to do with the Australians' admirable drive for truth in labelling, but to find a seriously good Australian Chardonnay nowadays you will probably have to pay more than you would, say, for Marks & Spen-

to establish a foothold in the international marketplace are surely giving their wine away at prices below £3. The real double-take bottle is the stylishly labelled FAR ENOUGH PINOT NOIR 1991 (£2.99 Waitrose and, under the TABLE MOUNTAIN label, Budgen). Pinot Noir is supposed to be Burgundy's impossibly finicky red grape that produces nothing but sludge under £3 a bottle. Yet here is a lively, fruity, unmistakably Pinot, light red for under £3. The catch? It is South African and has not, thank goodness, been in expensive oak casks – nor even suffered a touch of ersatz flavouring.

Even cheaper, and at least as good, is LEZERIA, another fruitfully carefree (i.e. tannin-free) young red, said to contain 15 per cent of Pinot Noir plus 85 per cent of the juicy Periquita. It comes from a first-rate co-operative in the Ribatejo that is, agriculturally, Portugal's answer to Kent. Until last Saturday Gateway were asking only £1.99 for it, but it is worth far more than its non-introductory selling price of £2.39 a bot-

until the end of the month, and then £2.59, while CUVÉE DUBOUEUX BLANC is £2.99 at M & S and comes complete with the flowery label that is the signature of the "king of Beaujolais". The curious thing is that the first wine, made at the Pinot co-op, tastes just like its Vin de Pays des Côtes de Gascogne, while the second bears a remarkable resemblance to poor man's St Véran. Makes you think.

Spain tends to bottle its own red wine however and two current good buys are SAINSBURY'S LA MANCHA CASTILLO DE ALHAMBRA 1991 (£2.99) which is Rioja's smart Tempranillo grape made like Beaujolais and, in quite a different style, THRESHER'S RIOJA CRIANZA 1989 (£3.99), designed to show off its ration of quarter-French (as opposed to all-American) oak.

Oak – now that is a wine that sells. No wonder the oak essence is so popular. The real, coopered thing tends to add well over £1.50 to a bottle of wine, as London SW10 merchant Les and Sandeman can demonstrate with its two superior cuvées of the sprightly estate-bottled dry white DOMAINE DE JOY, COTES DE GASCOGNE (1991 £3.50 and 1990 £5.95 respectively). I cannot abide oak for the sake of it, but the second oak-aged version really is a joy; the oak endows structure rather than sweetness or stringency to a most convincing blend dominated by the gorgeously tangy Gros Manseng grape of south west France. (Nor has a touch of oak suppressed the peachy scent of the Ardèche co-op's VIOGNIER 1991 – far better value than most Condrieu at £4.49 from Safeway.)

The owner of Domaine de Joy is advised, very sensibly, by Denis Dubouche, Bordeaux's white wine witchdoc-

tor. Most dry white bordeaux leaves me as cold as it tastes, but Dubouche's own CH REYNON VIEILLES VIGNES 1990 (£5.99 Oddbins) is pure delight (and hasn't seen so much as a matchstick of wood). Dubouche insists on such ripeness in the grapes from these actually-not-so-old vines that he often has to send the pickers through the vineyard twice, and manages to avoid any of the aggressive herbaceousness so often associated with the Sauvignon Blanc grape. This wine is so gently perfumed and ripe that I could easily take it for a fine Alsace.

The aromatic Sauvignon with its searing acid is certainly at its most appealing in midsummer, even hay fever sufferers can smell it a tennis court away. New Zealand is a prime source of it, and while the 1991 vintage of the widely distributed MONTANA SAUVIGNON (price point: £4.99) is one of the best yet, there is more dazzling CLOUDY BAY-type fruit to be had from FALLEN ESTATE 1991 (£3 from Thresher and Butte Wines of Scotland). Even better value is the TROIS MOULINS SAUVIGNON 1991 (£3.69 Oddbins, £2.75 Waitrose)

which is now made in the Languedoc and bears a quite remarkable resemblance to the flirtatious OZIDOC (£4.20 Adams of Southwold). But perhaps better value still, even if too grassy for my taste, is the Hungarian GYON-GYOS ESTATE SAUVIGNON BLANC 1991 (widely available at about £2) made by young Australian-trained, Bordeaux-based Hugh Ryan. Eastern Europe is another hot spot for the value-conscious wine drinker: Safeway's SPECIAL RESERVE ROMANIAN CABERNET SAUVIGNON 1986 is a steal, if in a somewhat predictable style, at £2.99.

Some of the best-value sparkling wines are Moe's new elegant Australian, an oxymoron of ever there was one, GREEN POINT (£9.99 Victoria Wine, Augustus Barnett), New Zealand DEUTZ MARLBOROUGH CUVÉE (£9.99 Thresher and Oddbins), Californian pink and white MUMM CUVÉE NAPA (around £8.50 Tesco, Safeway and Oddbins, which offers a taste of it today), and Oregonian AUCYER PINOT NOIR 1988 (£9.99 Oddbins) and Australian CROSER 1988 (£10.49 Oddbins), both made by Brian Croser of Petaluma in which Bollinger have an interest. (And, newest of all and so far

available only Down Under, PELORUS, from the Cloudy Bay winery of NZ that is now part of Veuve Cliquot.)

But there are other well-made, well-priced alternatives to champagne which have been made quite independently of it. Spanish Cava does not have to look naïf and taste too obtrusively of the Xarello grape, as evinced by Freixenet's CUVÉE D S 1985, and LOXAREL 1986 (£9.99 and £6.49 respectively, Thresher). Perhaps Loxarel stands for Lo-Xarello?

Please note that many of these wines are available only at selected branches, especially within the Thresher empire.



## Jancis Robinson finds some good value wines which also have something else to offer

cer's exceptionally ripe current vintage of one of their most successful wines, the Chablisienne co-op's CHABLIS 1990 (£5.99 or £3.99 a half, M&S). Much to the amazement of everyone, including M&S, it won a gold medal in this year's WINE magazine taste-test.

A better bet in Australian whites is probably an unblended, defiantly unfashionable, but noble varietal: one of several full-bodied MARSANNE on offer, for example, or MOONDAH BROOK VERDELHO (£4.99 Tesco and Majestic), made into a rich yet dry, tangy table wine from one of the great grapes of Madeira. Maritime history in a bottle worth ageing.

Read those Australian back labels carefully. Unless oak barrels or casks are actually specified, the wine probably derives its user-friendly oakiness from a few drops of oak essence, of which we British are major suppliers to Australia.

In today's rather desperate marketplace, price seems to bear less relation than ever to quality. Some producers eager

to establish a foothold in the international marketplace are surely giving their wine away at prices below £3. The real double-take bottle is the stylishly labelled FAR ENOUGH PINOT NOIR 1991 (£2.99 Waitrose and, under the TABLE MOUNTAIN label, Budgen). Pinot Noir is supposed to be Burgundy's impossibly finicky red grape that produces nothing but sludge under £3 a bottle. Yet here is a lively, fruity, unmistakably Pinot, light red for under £3. The catch? It is South African and has not, thank goodness, been in expensive oak casks – nor even suffered a touch of ersatz flavouring.

Even cheaper, and at least as good, is LEZERIA, another fruitfully carefree (i.e. tannin-free) young red, said to contain 15 per cent of Pinot Noir plus 85 per cent of the juicy Periquita. It comes from a first-rate co-operative in the Ribatejo that is, agriculturally, Portugal's answer to Kent. Until last Saturday Gateway were asking only £1.99 for it, but it is worth far more than its non-introductory selling price of £2.39 a bot-

tle from both Gateway and Victoria Wine. Both of these reds could be served at any temperature from icebox to picnic-hot. Indeed, you could set off on an expedition with them, well-chilled, and let them give you a range of taste experiences.

Iberia in general has been looking increasingly interesting for all kinds of wine. The huge Thresher Wine Shop/Wine Rack/Bottoms Up conglomerate has made particularly heroic efforts to reflect change in Spain. Excellent value dry whites include its aristocratically scented, lively, dry Galician white CASAL DA BARCA (£3.49), the latest vintage of the even more exciting ALBARINO, LAGAR DE CERVERA 1991 (£3.19 from Thresher or £7.33 from Laymont & Shaw of Truro) and Oddbins' zesty dry white from Navarra CASTILLO DE OLITE (£2.99).

More unexpected still is the new wave of well-made, dry, fruity, transPyrenean wines made in France from cheap Spanish grapes grown in La Mancha. SAINSBURY'S BLANC DE PARADISO is £2.25

I am also very fond of a scarlet composite of fruits in season: raw redcurrants, stoned cherries, thickly sliced strawberries and whole raspberries barely moistened with freshly squeezed orange and lemon juice (two parts orange to one part lemon) and a sifting of sugar.

Toss everything together gently and leave in a cool place to macerate for about an hour, and toss again just before serving. The fruits will gleam like garnets and some of their juices will have mingled with the citrus and sugar to make a deliciously light syrup.

A composite like this is just right for partnering cover & let or snowy mounds of soft fresh cheeses. For a fattish alternative, serve the composite with a slice of angel cake or spooned over rosy slices of watermelon.

As for puddings proper, the best known and best loved for this time of year is, appropriately, summer pudding. Blackcurrant and gooseberry fool are probably joint second favourites, but others deserve an occasional airing.

## Cookery / Philippa Davenport

# Soft and sybaratic

**F**RUIT IS one of the great pleasures of summer eating. A scarlet trio (cherries on the stalk, unblurred strawberries and frosted redcurrants) provide an easy and lovely finale to lunch or dinner with bowls of fromage frais, whipped cream or yogurt for dipping.

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### CHERRY RAKEWELL

(serves 6-8)

Generally I prefer cherries raw rather than cooked – and stoning them is a tedious little chore – but this way of cooking them is very good indeed. Unusually, this is a flan that is almost better a day or even two days after baking. Other fruits can be used in place of cherries. Raspberries are especially good.

Shortcrust pastry made with 6-8 oz flour and aromatised with the finely grated zest of an orange; ½ lb ripe dessert cherries; ½ lb butter; ½ lb caster sugar; ½ lb freshly ground almonds; 1 teaspoon kirsch; 2 large eggs.

Use the pastry to line a shallow 9in-10 inch fluted flan tin with a removable base. Blind bake it and let it become cold.

Stone the cherries and refrigerate them until needed.

Dice the butter and barely melt it in a small pan over low heat.

Away from the heat, stir in the sugar, then the ground almonds, kirsch and lightly beaten eggs, in that order.

Tip the chilled cherries into the flan, spreading them evenly, and pour on the almond mixture.

Bake this pudding for 35-40 minutes at 400°F (200°C) gas mark 6 until the fruit is hot and the topping is puffed up and golden.

Serve it cold, with or without softly whipped kirsch flavoured cream.

### RASPBERRY AND REDCURRANT PUDDING

(serves 6-8)

This quick and easy variation of mine on the classic summer pudding made its first appearance on these pages a few years ago. In view of many requests, here it is again. 5 or 6 x ½ inch thick slices of good stale bread; 2 lb or more mixed raspberries and redcurrants; sugar; a little orange and lemon juice (optional).

Soak the bread in the juice for 10 minutes, then squeeze out the excess liquid.

Put about half the redcurrants into a shallow pan with a tablespoon or two of cold water. Sprinkle a little sugar between layers. Cover with just under half the raspberries, adding sugar as before. Put on the lid and cook over a low flame until the fruit is warm and tender and the scarlet juices are flowing freely. Shake the pan gently, rather than stir, to encourage even cooking and minimise crushing the fruit.

Slide the contents of the pan into a sieve placed over a bowl to separate fruit and juices. Taste the juices and add extra sugar or maybe a squeeze of orange or lemon. Drop the well-staled cubes of bread into the liquid and toss to stain and flavour them.

Sugar and warm the remaining redcurrants and raspberries as before, but this time barely warm them so they retain their shape really well.

File the fruit-stained bread into a pyramid on a serving dish, scattering the fruits between layers (the slightly squashed berries and the bet-

ter looking ones mixed together but save a good portion of the best fruits till the end for a decorative finish).

Serve cold or while slightly warm and fragrant, with softly whipped cream, crème fraîche, yogurt or fromage frais.

### RASPBERRY CHARLOTTE

(serves 8-10)

This looks pretty tied with a ribbon in the Russian manner. Stick candles on top and you have a birthday cake with a difference. Tryberries or loganberries can be used instead of raspberries, or blackberries or mulberries in autumn.

1 lb raspberries; 6 oz unsalted butter, at room temperature; ¼ lb vanilla or caster sugar; ¼ lb freshly ground almonds; the finely grated zest and juice of 2 large oranges; the juice of half a lemon; ¼ pt double cream; 6-7 oz sponge finger biscuits.

Beat the butter until pale and creamy. Add the sugar and beat again until fluffy and light. Mix the orange and lemon juices together and pour 3 fl oz onto the butter cream. Add the finely grated orange zest and the ground almonds and blend well. Whip the cream and fold the mixture into it.

Choose a 2½ pt charlotte mould (or a soufflé dish or any other straight sided container of the same capacity that is 3½-4 inches deep). Line the base with a circle of greaseproof paper.

Spread one-third of the orange and almond butter cream over it. Cover with half the fruit, pressing it lightly into the cream. Repeat the cream and raspberry layers and finish with the remaining cream.

Cover with greaseproof paper, put a small plate on top, add 2 lb weights and refrigerate for at least eight hours until firmly set.

Loosen the pudding with a wet, round-bladed knife and unmould it onto a chilled plate. Dip the unsugared backs of the sponge fingers, one by one, into the remaining citrus juice. Shake off excess and stick them, upright, round the sides of the pudding to make a castle-like wall.

Decorate with extra berries and return the pudding to the fridge until almost ready to serve. (If left at room temperature for long the filling will soften and the castle may collapse as you cut it.) Serve the charlotte alone or with a purée of sieved raspberries to sauce it.

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## SUMMER FOOD AND DRINK/HOW TO SPEND IT

come. So Weekend FT food and drink writers have been gathering information to keep party spirits flowing and lift the outdoor mood

## Drinking in the sunshine

I SPENT a terrible two days last weekend, tying myself in knots costing a summer drinks party. With a pocket calculator in one hand and a bottle of Pimms in the other, I endeavoured to come up with the precise figure I needed to spend in order to entertain:

1 50 sober, responsible people;  
2 50 not so sober, responsible people;  
3 50 drunken, irresponsible people.

I was working on the basis of a double measure of Pimms (16 to the bottle) to about a quarter litre of lemonade plus the usual fruit and ice; enough to fill a half pint pot. In my mind's eye the first group would drink about a litre and that (with a few edibles thrown in) would set me back roughly £200. Having arrived at this figure I decided that the next two could be served at arithmetically: £250 and £300 respectively. In the last instance the guests would receive two litres each. Given the presence of a few sober people and drivers this would mean that some people would get royally drunk.

Then I spoke to Valli Watson at Party Professionals, and she told me I was mad. The party, she said, would cost about £130: "Nobody could drink more than three-quarters of a litre of Pimms." I put down my pocket calculator in despair.

That left me with a glass of Pimms and some reflections on the Englishman's summer drink. Pimms has changed rather a lot recently. For a start it has moved to Scotland, and the gin base for the more popular No 1 Cup is also Scottish distilled.

The alcohol content appears to have been lowered from 30 per cent to 25 per cent, meaning that the old trick of adding a slug has become a practical necessity (Valli tells me to add spirit to the first round and produce weaker drinks as the party goes on).

There used to be six cups; latterly there were three; now

there are two, and the vodka-based No 6 is increasingly difficult to find. It only tracks down to Gerry's at 74 Old Compton Street, London W1 (071-734-2063).

I marginally prefer the Vodka Cup (as it is now called) to the gin-based No 1. The No 1 is darker, and tastes of oranges and caramel. The No 6 is lighter and more lemony. It does not taste quite so sweet.

As students we used to drink a lot of Pimms and were always on the look-out for ways of gingering it up. One method was to add more gin and elder. I have seen people put champagne into Pimms but I think this is rather a waste of

**Giles MacDonogh pours himself a Pimms and plans a summer party**

champagne; especially now that prices have gone through the roof.

One alternative which appeals to me is Malbowler, a traditional German summer punch. In Theodor Fontane's *Schach von Wuthenow* of 1882 the publisher Sandars gives the recipe specifying the use of May herbs woodruff and celandine: "Don't let them infuse for too long. Woodruff is not camomile tea. Mosel wine, let's say a Zellinger or a Brauneberger, pour that slowly over the herbs; that is enough. Oranges are there simply for ornament's sake... and don't make it too sweet."

Some readers might object that woodruff is hard to come by but it cannot be any more difficult than the obligatory sprig of borage which floats in the Pimms. A suggestion from Austria is a mixture of vodka, elderberry cordial and mint. A little elderflower cordial goes a long way, diluted to one 16th strength. In Oporto the standard summer drink is slightly chilled tawny

port; although this might seem a rather serious (and expensive) solution to the summer drinks party.

White port, however, can be turned into a long drink by using tonic water with a sprig of mint. A more English solution is a cider cup. Andre Simon's *Dictionary of Wines and Spirits* of 1958 suggests a litre of sweet cider to 75 cils of soda water, a glass of sherry, half a glass of brandy, lemon juice and peel, nutmeg, pineapple and borage. A bone dry cider such as Merrydown vintage might be more suitable for modern tastes. Cider cup has the virtue of being cheap.

Now comes the problem of what, if anything, to give your guests to eat. Valli Watson was all for Kettle crisps from America; pouring scorn on my suggestion of black olives and salted nuts, which I imagined would provoke the necessary thirst required for people to want to consume large quantities of Pimms.

Another of her suggestions was ciabatta bread with aubergine dip or rubbed with garlic and tomato and mistreated with olive oil. Then she began giving me recipes for dips and my head started to swim. I think I shall simply drop in on Marks & Spencer, which does a very decent range of ready-made dips: good taramasalata, hummus, aubergine dip and a Greek dip selection. The American-style dip tray is also good. Of course at either side of £1 apiece, these things will work out dear for 50 people. It might be better to stick to crisps.

**Information: Party Professionals, 33 Kensington Park Road, London W11. (071-221-9430).**

**Elderberry cordial is available from Thorncraft Vineyard, Highland Farm, Leatherhead, Surrey. (0878-925552).**

**Top quality white ports such as Fonseca's Siroco or Taylor's Chip Dry sell for around £3.50. The recommended retail price for Pimms No 1 or Vodka Cup is £10.19.**

A GAS barbecue might sound like heresy, but it works. It is ready in 10 minutes (as opposed to at least 30 with charcoal), the fuel is clean (no dirty hands and no woodsmoke) and it does not need to be lit with smelly and environmentally damaging petroleums. More important, the food tastes just as good cooked with gas as it does with the more traditional fuels.

But there is a problem. All gas barbecues look hideous, much like an old radiogramme stuck to the top of a wheeled Zimmer frame. These contraptions - known as "wagons" - are certainly not suitable for Design Museum groupies, who much prefer the beautifully bulbous Weber kettles. Weber does offer a gas model but it is also in the "wagon-style". As one of my smoother metropolitan friends put it when he first saw my latest toy: "Very Weybridge, don't you think?"

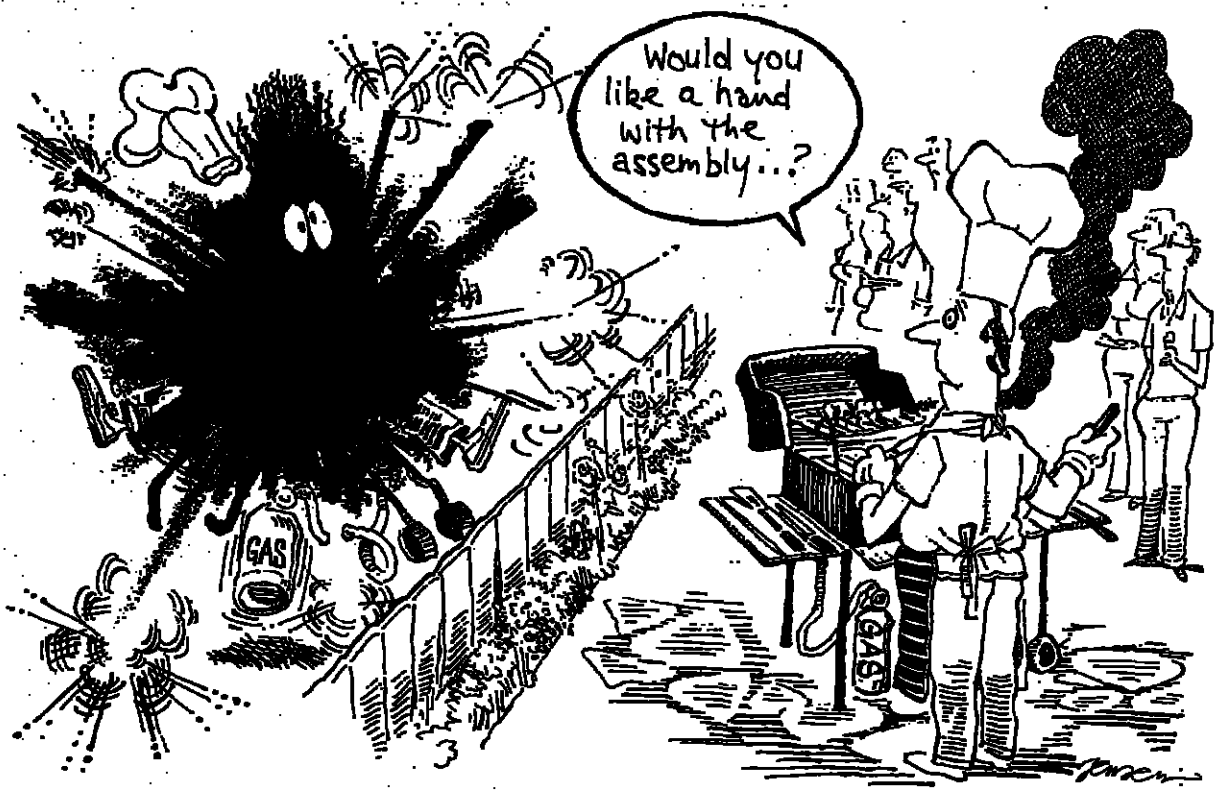
Grilled meat, goes the theory, gets its unique taste from the fat that drips from the meat, vaporises on the hot coals and returns to flavour its source. Most gas barbecues provide a layer of lava rock between the flame and the food. Some use metal or a ceramic surface instead, but the idea is to provide radiant heat underneath the food - exactly the same principle as glowing charcoal.

Barbecuing is mainly a male hobbyist activity and is consequently riddled with mystique and claptrap. Every daddy with his Texas Homecare tongs and plasticised apron has a theory on how to get the best flavour from the coals. Some use wood chips, some marinade, some blow the dust from the coals with a hairdryer and many manage to undercook the chicken while smoking out the neighbours.

All you really need for a barbecue - if you have the space and no neighbours - is a bit of chicken wire, a few bricks and some logs to burn into coals. But few of us, especially those in the city, have this opportunity. That is why I spent about £120 on a Thermos WG22 - which so grievously fails the domestic aesthetics test that my wife forces me to hide in the hedge.

You do not have to spend as much, but most people spend much more. There are portable versions for under £50. These are simple trays with a burner and some lava rock. The carrying handles become feet and they work off disposable Gas cylinders found in camping shops. For double the price you get a much sturdier device that has automatic ignition (as in a cooker), uses a refillable Gas cylinder and has two adjustable burners, which give gradations of heat on the same cooking surface.

The barbecues become more sophisticated as the price rises, with the most expensive models costing about £500. However, no matter what the price, the principle remains roughly the same,



## Fire, without smoke

Barbecues really do go better with gas, reports Peter Knight

although some manufacturers replace the lava rock with metal or porcelain devices that are designed to do the same job.

Most gas barbecues have a lid that turns the device into an oven. Large pieces of meat or whole chickens can be roasted with the lid down, either on a spit or on a dish. The lid can also be used to smoke the meat, by throwing aromatic wood chips on the lava rock a few minutes before serving.

British Gas sells a range of bottled gas barbecues from £45 to £400. It also offers a small range of fixed versions that are built in and connected to the gas mains. Garden centres, department stores, DIY stores and Argos also sell gas models.

A big drawback is that these barbecues are reasonably complicated bits of machinery and they have to be assembled at home like some giant Meccano set. Unless you particularly like spending time screwing bits of metal together, this can be tedious.

You will need to allow at least two to three hours to put them together. Be prepared to get very frustrated along the way and, above all, make sure you read the erratum note in the instructions.

I spent ages wondering how I was going to get a WG screw into a hole that was obviously designed to take a different diameter.

If you can persuade the shop to sell it assembled, do. It really is worth it. Do not even try to put it together unless you are reasonably calm about screwing, bolting and following written instructions. Gas can be dangerous and while home assembly is not difficult, it must be done correctly.

Choosing between the different models is difficult. Price usually reflects the ruggedness of construction and the number of extra facilities, such as shelves and racks. The more expensive versions also have glass windows on the lid so that you can peek in to see how the roast is doing.

The main difference is in the size of the grilling area (important if you want to cater for crowds) and extras such as warming racks and shelves. Remember to ask if the price includes a regulator - the switch that goes on the gas cylinder.

I was in a hurry and bought my Thermos from Sainsbury's Homebase. It does not sell regulators and did not know where I could get one. I would

have got a marginally better deal at British Gas which included a regulator and (at the moment) a £5 voucher for the gas cylinder, which has to be bought elsewhere. British Gas includes delivery in its price. Argos sells the same model at £99, but without a regulator (about £10).

Barbecuing on gas is a little different from charcoal. Heat is controlled by regulating the flame rather than moving the grill. At my first attempt I had the heat too high and the chicken fat caused rather alarming flaring. Once the flame was reduced and the lava rock had cooled sufficiently the chicken cooked well.

You can give vegetables, such as sliced aubergines and zucchini, that authentic cross-hatch grill pattern and they taste as good as in any fashionable Italian restaurant, especially when piled high and dressed with parmesan, basil and olive oil.

One of the biggest benefits of gas is that you can have char-grilled food throughout the year without going to a restaurant. I am not sure if I will be out in the garden grilling in my overcoat in December, but I like to think I will.

## A snappy Dresser

Alice Rawsthorn looks at the work of an influential designer who has returned to cult status

IF YOU glance at Oggetti in Fulham Road, south London, you will see a window display. Most things in Oggetti are expensive, but these teapots are really expensive - £5,800 each.

They are part of a limited edition of products designed by Christopher Dresser - and reproduced in sterling silver by Alessi, the Italian company best known for its work with contemporary designers such as Philippe Starck and Frank Gehry - which will be on sale at Oggetti until September.

One teapot is in the shape of a triangle, another is hemispherical, the third is a square squatting on four spindly "crow's feet" legs that are a hallmark of Dresser's style. They look, as Oggetti's Paul Marquess says, as if they were designed yesterday but they date back to the 1890s.

Christopher Dresser was a 19th century British botanist who abandoned his studies of plants for product design. He was a socialist idealist who, fired by the belief that industrialisation was changing the world for the better, designed to embrace the machine age.

Dresser lived at a time when mainstream taste was dominated by the grandeur of Victorian baroque and when the avant garde were wedded to

William Morris and the Arts and Crafts Movement. Dresser's designs were completely different. His style was functional, simple and his aim was to ensure that all his designs could be made by machine.

During his career Dresser enjoyed a cult following, not only in Britain but as far away as Japan. He worked with more than 60 manufacturers on wallpaper, fabrics, furniture, glassware and ceramics.

But he was always seen as an oddball. His modernist theories, now standard stuff, were regarded as eccentric and his designs dismissed as novelties. By the end of his life he had slipped into obscurity.

Dresser has now returned to cult status in design circles where he is hailed as the forerunner of the modern industrial designer. Dresser originals are much sought after by collectors.

This revival of interest persuaded Alessi to consider reproducing some of Dresser's designs. Alessi tends to be associated with the post-modernist styling of the 1980s when its products, such as Starck's lobster-like lemon squeezer and the bird-spouted kettle designed by Michael Graves, the American architect, became the archetypal designer objects of the decade.

But the core of its collection has always been meticulously-

made, contemporary classic designs, many dating back to the 1940s and 1950s.

In the mid-1980s it introduced a small range of archive designs, by Marianne Brandt, a German artist who studied at the Bauhaus in the 1920s, and Josef Hoffmann, the fin de siècle Viennese designer who was a leading exponent of Art Nouveau.

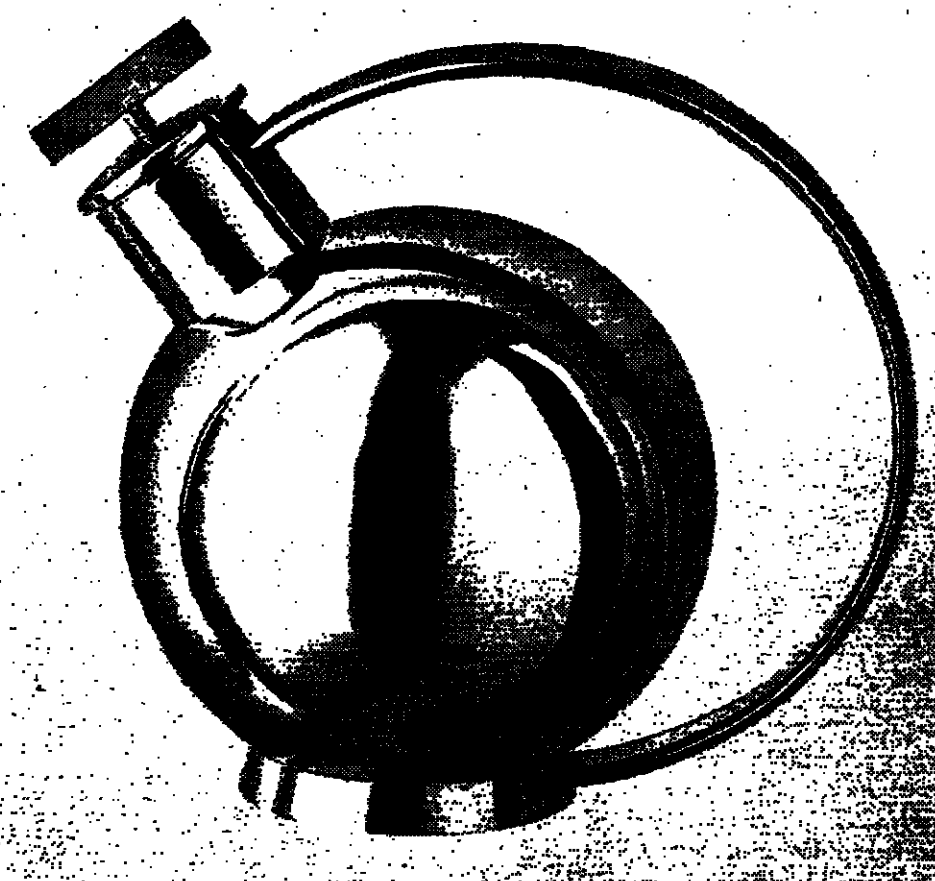
Alberto Alessi, who now runs the company his grandfather founded in the 1920s, is keen to expand the archive range. The days when a Starck lemon squeezer was the essential accessory are over. If Alessi is to avoid being relegated to the ranks of the relics of the 1980s, it has to address the new sensibility of the 1990s.

Christopher Dresser, with his restrained designs and whiff of 19th century authenticity, is a perfect addition to its range. The only problem for Alessi was that it was very difficult to track down his original designs.

Most of Dresser's original products have disappeared, as have many of his notebooks. Alessi had to reconstruct his blueprints from the few records it could find using computer-aided design techniques, and then check the results against original objects borrowed from collectors.

Although Dresser was obsessed by the machine age, most of his products were made by hand as the silversmiths and metal workers of his era had very little machinery. Alessi has been able to adapt two of his products - a tray and a toast rack - to be mass-produced in stainless steel at its modern factories.

These are now on sale at its usual London outlets, the Conran Shop and Authentic as



Time for tea: a Christopher Dresser reproduction

well as Oggetti, for around £70 and £80 respectively. The other Dresser designs, the sterling silver limited edition now on show at Oggetti, have been made by hand.

Paul Marquess is still convinced that, recession or not, at least some of Oggetti's customers will be willing to spend a few thousand pounds for a Christopher Dresser sugar bowl. Perhaps he hopes they will be thinking of the original 1890s Dresser teapot that sold for £50,000 at a London auction last year, which makes £5,800 for a 1990s reproduction seem (almost) cheap.

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## TRAVEL

# Old England behind the Celtic burglar bars

**M**ORE than 2,000 years ago, a Celtic tribe called the Durotriges moved into a hill-top home not far from the coast of southern England. Invasion and pillage of country homes was even more a threat then than today, but although the Durotriges were an Iron Age people, basic burglar bars, let alone electronic alarms and home insurance policies, were somewhat beyond them.

Feeling exposed, they set about building the finest complex of defensive earthworks in Britain - a flattened hill-top surrounded by concentric rings of 60-ft ditches and 90-ft earthen breastworks two miles in circumference. Strongly defended, Maiden Castle, as the hill is called, was at one time home to 5,000 tribespeople; it withstood attack for centuries, and even held out a good while against more advanced invaders from the east, the armies of Imperial Rome.

After centuries of battering by wind, storms and rain, the warrior-haunted defences of Maiden Castle still look daunting enough to keep eastern invaders away from its rural hinterland. And perhaps, in some mystical Celtic way, they continue to do just that.

The land to the east of Dorchester, the county town just two miles from the hill, is increasingly the domain of long-distance London commuters. The land to the west, Devon and Cornwall, has long suffered annual invasion by frantic hordes of holiday-makers from all over Britain.

But, in a small triangle of west Dorset, in countryside bounded by the peculiarly formed Chesil Beach, the old abbey town of Sherborne and the seaside resort of Lyme Regis, strange forces seem to operate. Against all the odds, this is an old-fashioned, scenic and peacefully rural place that

## Nicholas Woodworth was charmed by West Dorset in the rain

bank to the horizon. In good weather they are like an exercise in the art of Italian renaissance perspective. In bad weather they are an exercise in exposure. I felt sorry for the Iron Age tribes who through-out west Dorset spent their time shivering in hill-top ring forts, and decided to see if things were any more sheltered and spring-like down at the seaside.

They were. Not far from Abbotsbury, an old village overlooking one of the strangest geographical features in Britain, I met a flock of some of the most fortunate swans around. The inhabitants of the Swannery, more than 500 of them, live in a bird's paradise, a brackish, eight-mile-long lagoon known as the Fleet where they are protected from the winds and storms of the open sea by Chesil Beach, a bank of pebbles 50 ft high and 200 yards wide lying, as if sinking after some terrific spat with the mainland, some distance off-shore.

Not only are they happily sheltered from the elements, but the birds are also the only colony of swans in the world to be managed by humans. Originally raised by medieval Benedictine monks for their meat, the swans here remain wild but are provided with an environment in which nesting and hatching can be overseen. Between the sea and the hills, in a setting of lush reeds and feathery pampas grasses, I strolled among hundreds of the birds as they brooded over eggs in their nests, bickered over territorial rights, and splashed down by the shores of the Fleet like parachute-born water-skiers.

But the swans had an advantage over me; when a late afternoon shower arrived, their down kept them warm and dry. I made a dash for it, and drove not far up the coast to west Bay, a little port of tackle shops and fishing boats. There in the snug Riverside Restaurant, advised by amiable owner Arthur Watson and his wife Jan, I consoled myself with a magnificent fish dinner of home-made seafood soup and fillets of John Dory.

One of the great pleasures of west Dorset is being able to get away from it all - city life, crowds and commercialism - and escape to the heart of the country. So, instead of booking myself into a hotel in a seaside town, I drove up through hills and mist in the falling dusk to the tiny village of Netherbury. Here I found Heritage, a bed-and-breakfast establishment run by a Frenchwoman named Michelle Seymour.

Michelle knows what escape from the fast track is all about. A former airline hostess, she has chosen one of the loveliest villages in Dorset to settle in. Sitting on the banks of the little River Brit not far from the market town of Bournemouth, it is a vision of English rural peace, a place whose most ambitious activity is cider-



Lyme Regis by the sea: where accountants from Birmingham gaze out through 20p-in-the-slot telescopes

making. The rain had stopped and lights were burning in cottage windows by the time I went out to stretch my legs.

In neatly-kept gardens water dripped from every tree, bush and newly-bloomed spring flower. In twilight and the distant hill-side beeping of newborn lambs, I walked through the mossy, tilted gravestones of Netherbury's churchyard. An owl hooted in a copse nearby and the hour rang from the tower of the old grey stone church. Scented odours wafted from damp lilacs. I had forgotten what tranquillity was.

Villages like Netherbury, and there are lots within a 10-mile radius of Bournemouth, are wonderful places from which to explore some of the most unspoilt country in southern England. Much of the charm

here is man-made and has to do with a long and rich rural past that has not yet been obliterated; it takes the form of thatched cottages, stone-built houses, or the abbeys, manors, priories and churches lying around the corner of hedgerow-lined country roads.

The other part of the charm comes from the land itself. Steep and rolling, the hills of west Dorset do not lend themselves to modern agriculture. In parts they are wild and forested; in others, where sheep have grazed vast hillside pastures to a uniform smoothness, they take on a park-like quality. The whole village and countryside - leaves one with the feeling that Old England is not yet wholly out of reach.

Even in Old England the merry month of May - to say

nothing of entire summers - must have often been wet. But there can be few places left in the country pretty enough that rain does not dampen the weekend explorer's enthusiasm: after three soggy days of roaming around west Dorset I was still enjoying it.

Under a torrential downpour I strolled past the mermaid pond, the ha ha and the bog garden of Forde Abbey, a glorious 12th century Cistercian monastery now turned stately home. Through drizzle and drifting fog I gazed at the Naked Giant, a prehistoric figure etched with chalk into a hillside at Cerne Abbas. In Sherborne I ducked into another even greater abbey to avoid a heavy shower; there I met an elderly lady who wheeled over

to me a strange, mirrored trolley so I might look at the fan-vaulted ceiling without getting a crick in my neck. I am afraid I dripped water all over it.

But on the third day, when I least expected it, the weather turned. As I was hunting around under the sea cliffs of the Black Ven at Charmouth, the sun came out and glinted on burnished ammonites hiding in the sand, one of the treasures that makes the coast around Lyme Regis so popular with fossil hunters. And, in the town of Lyme itself, I saw a new season come suddenly into bloom.

Along the now sunny water-front promenade the deck-chairs were out. The first ice-creams of the year appeared. Their romantic fancy stirred by the warm spring air,

retired accountants from Birmingham gazed out to sea through 20p-in-the-slot telescopes. Down on the Cobbe, their wives were imitating Meryl Streep with long sighs and waiting for their own French Lieutenant to come sailing in.

Who would not be happy with a day like this? Moon-faced teenagers wandered the promenade, hand in hand. Children splashing in the water, in spite of the evidence of blue legs, had persuaded themselves that summer was not far away.

On the other side of west Dorset the sun shone even on Maiden Castle. It was a day that would have convinced the shivering Durotriges themselves that a new age had at last arrived.

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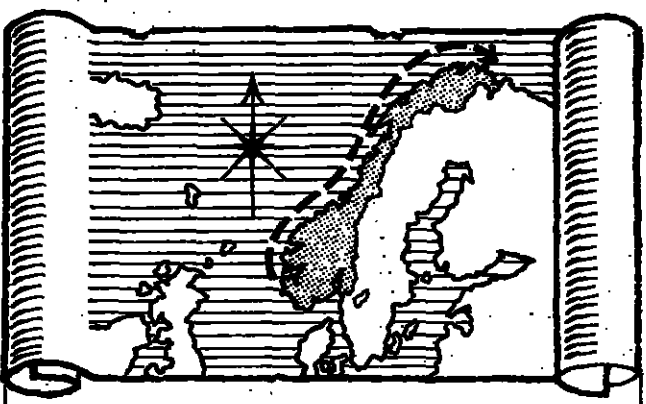
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## Schumann in the mansions

**T**HIS year's music festival in Newport, Rhode Island, promises even more "programmes so extraordinary, so rich and rare that they draw music lovers from thousands of miles away."

The 24th festival (July 5-19) takes as its main theme a special series of 14 afternoon Schumanns offering a retrospective of Schumann's chamber works. Other performances take place morning, afternoon and evening, and there will be more than a sprinkling of receptions and gala dinners.

The music festival is a highlight of Newport's packed summer calendar. In a city that boasts sailing, polo, tennis and jazz among its annual activities, the music festival has a devoted following.

The festival takes place in and around some of Newport's famous summer mansions. Several of these remarkable monuments have been grouped under the protection of the Preservation Society of Newport since 1945. They are shrines to the aspirations and beliefs of families like the Vanderbilts and Astors, flamboyantly interpreted by architects Richard Morris Hunt and Stanford White.

Marble House and The Breakers, both designed by Hunt, are opulent beyond belief. They are also remarkably ugly, having solidly pompous exteriors and an air of greedy imitation.

Marble House, commissioned in 1888, was the answer to William Kissam Vanderbilt's request for "the very best living accommodation that money could buy." The \$11m "cottage" was modelled on the Petit Trianon at Versailles and completed in 1892.

Five of the festival's concerts will be held at Marble House, while others will be performed in its Vanderbilt twin, The Breakers. Here, with the ocean as backdrop, it would be hard to resist an evening performance offering Porter and Gershwin on the terrace near the recently restored lower loggia. The ticket price of \$40 (\$22) includes a champagne reception afterwards.

Belcourt Castle, built for Oliver Belmont and his wife, the former Mrs William Vanderbilt, is probably the grandest of the mansions which are not under the care of the preserva-

tion society.

Belcourt hosts a particularly interesting programme on July 18 - works by Schumann, including nine early songs, five pieces in folk style and six intermezzi. For music lovers who like alfresco dining, there will be a box lunch concert with the Leontovych String Quartet at Hamersmith Farm. The 28-room cottage was built by John W. Anckles in 1887 and was the childhood home of Jacqueline Bouvier, who married John F. Kennedy in Newport.

Tickets for the music festival can be ordered by telephoning 401-849-0700.

Food, especially sea-food, is a feature of any visit to Newport. Between concerts you could visit Christie's, on the waterfront, at 351 Thames Street, tel: 401-847-5400, for baked scrod

Nicky Smith on the Newport music festival and the ugly houses where it is staged

(good), giant clams and cream puff sundae. Or try Pronto's, a new Italian restaurant also on Thames Street. (Avoid Saturdays unless prepared for a long wait).

Accommodation in Newport is best found at inns. Whether small like Clovel House, originally built in 1805, or large, like the Castle Inn, a Victorian summer mansion on a hill overlooking Narragansett Bay, they all have atmosphere. The Newport County Chamber of Commerce at 10 America's Cup Avenue Newport RI 02840 (PO Box 237, tel: 401-847-1800) will provide a list of guest houses and small inns, as will Newport Historic Inns, PO Box 981, tel: 401-846-7668.

Travel to and from Newport is convenient from Boston or New York. British Airways' new daily flight, at present the only one from Gatwick to New York, flies DC-10s and departs at 10am. You arrive at JFK at 12.40pm, leaving plenty of time to catch one of many connecting flights to Providence from where the Cossack shuttle serves Newport. BA also has daily flights from Boston to Heathrow. Bonanza Bus Lines connects between Boston and Newport (single ticket: \$12).





# Thailand: how to survive those long, hot nights

As it happened, we were more interested in the cards than in their contents. If one is going to buy a souvenir in Bangkok then one should at least come away with something representative. So, having had three or four cards flashed under my nose, I started bargain-

The Scottish in me combined forces with an English upper lip. I refused to pay, and demanded to see the manager. The man I was talking

Matters are exacerbated by the widespread use of needle-injected drugs, particularly among women

In Thailand, there are only two sure-fire prophylactics. One is to keep saying "No," the other is to stock up with sleeping pills. That way you will survive those long hot oriental nights.

**Patpong:** dirty bars, boy bars and massage parlours abound. To survive, keep saying "No"

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## BOOKS

# Joyce's characters illuminated

Anthony Curtis looks at the loves and hates of the Dubliners who fuelled Joyce's work

IF JOYCE never let go of Dublin, Dublin has never let go of Joyce. An International James Joyce Symposium was held there earlier this month and this new biography by a Dubliner has been published to coincide with it. True, to Dublin's humiliation, it was an American academic, the late Richard Ellmann, who in 1959 "the precious diadem stole and put it in his pocket", in the form of a biography of the Irish writer that seems unlikely ever wholly to be surpassed. That book, re-published by Oxford in 1982 in a revised form, remains the standard life, and is still indispensable reading for anyone interested in Joyce.

Meanwhile a completely new edition of *Ulysses* is awaited, prepared by John Kiddy, another American academic, who works at the James Joyce Research Center at Boston University. It was Kiddy who pointed out the "errors of execution" in the previous (1984) edition and set going a furore. His edition is scheduled to appear in September from Norton and will be the first volume in the new "Dublin Edition" of Joyce's works. Each will be based on a freshly edited text with an introduction by Denis Donoghue.

At the same time Dublin-based scholars of the Joyce industry have not by any means been idle, as is proved by this informative work from Peter Costello. The hidden agenda underlying the imaginative work of Joyce came from the lives of people who lived in Dublin at the turn of the century. Their loves and hates, their efforts to make a living in a harsh economic cli-

mate, culminating frequently in debt or bankruptcy, their love of music and song, their complex web of involvement with each other, is continually being refracted through the fiction. First lucidly, in *Dubliners*, *Stephen Hero* and *A Portrait of the Artist as a Young Man*; later increasingly opaquely, in *Exiles*, *Ulysses* and *Finnegans Wake*.

Ellmann named many originals but was "in some of his identifications confused; perhaps in one or two instances he was deliberately put off the scent by the people he interviewed. His main research was done in the 1960s, since which time more hard facts have emerged about Joyce's prototypes in real life. Peter Costello

**JAMES JOYCE: THE YEARS OF GROWTH 1882-1915**  
by Peter Costello  
Kyle Cathie £17.99, 374 pages

possesses an encyclopedic knowledge of the public history and private feuds of Dublin and its citizens over the past century. He has previous books to his credit on the Irish revolution in modern literature and on Clongowood Wood College, Joyce's first school. Costello stops at 1915, merely summarising the later years. By then Joyce, aged 33, had left Dublin for good and had, thanks to the efforts of Pound and his colleagues on *The Egoist*, gained a measure of recognition as a novelist. It is the preceding years covering Joyce's childhood and early manhood that concern Costello. He fills in the tense politi-

cal atmosphere of that era in Irish history, interweaving the fortunes of the Joyce family with those of Parnell and other figures on the larger stage.

John Stanislaus Joyce, Joyce's father, appears here more fully than ever before. He begins as a man of force and substance with a well-paid job in local government, a collector of rates; then, sadly, he goes into moral and financial decline. There is a parallel with what we know of Shakespeare's father in whose life a similar pattern may be discerned. Unfortunately in "Jack" Joyce's case his famous son did not redeem the family fortune in his lifetime.

Many of the more fugitive figures in the Joyce story also come out of this book, more clearly than hitherto. Costello has discovered the original of E.C. or Emma Clery - Stephen's beloved in *Hero* and *A Portrait*. She was Mary Clery, a university contemporary of Joyce's, one of the first women to graduate in Dublin, and later, as Mrs James Nahor Meenan, wife of a well-known Dublin physician, a pioneer of women's education in Ireland.

Costello has some new light to shed on Leopold Bloom. His earliest originator was Alfred H. Hunter, a dark-complexioned man in his thirties whom Joyce met at the funeral in Dublin of a friend of his father's. Ellmann describes him as "putatively Jewish". But, as we now learn, Hunter was a Belfast Presbyterian married to a Catholic wife who was unfaithful to him. His wanderings around Dublin suggested a story to Joyce to be called "Ulysses" or "Odisseys" as he pronounced it - a



Nora Joyce, née Barnacle, in Paris in 1928 - a photograph taken from 'James Joyce's Ireland' by David Pierce (Yale £16.95, 238 pages), a profusely illustrated portrait of Joyce which locates him in the Irish social and intellectual context.

story Joyce never wrote as such.

Again, Costello offers a fascinating fresh glimpse into the world of the elderly Flynn sisters, Joyce's aunts, whose annual parties with musical interludes, dancing and feasting furnished her nephew with the material for his greatest short story, "The Dead", where they appear as maiden ladies - the Misses Morkan. Many of the characters in that crowded tale have counterparts, as Ellmann indicated, in the Joyce family circle. Costello brings

them back to life and for the first time the heroine's former lover is identified as deriving from one Michael Feeney. This unfortunate young man - Michael Feeney in the story - was in love with Nora Barnacle when she was working in a convent before she met Joyce. Feeney died of typhoid and pneumonia in a workhouse infirmary. He became, in Joyce's imagination, the young man whom Gretta Conroy, his heroine, remembers so poignantly at the end of his story. Such research means there

will have to be new footnotes appended to the lives of a host of fictional characters who, since Joyce died, have belonged to the world as much as to Dublin. I, for instance, tend to think of Gretta now-days as taking on her most recent incarnation, that of Angelica Huston, in John Huston's fine film of "The Dead", much more than I think of her as Nora Barnacle. But it is salutary to be reminded of her original, along with those of many other characters in the Joyce canon.

# Satan at large in Dorchester

J.H. Plumb on a town under the spell of its puritan preachers

A GOOD historian must be something of a magician to transform the very dry bones of local records into a readable and enlightening account of the interplay of historical forces - economic, constitutional and, above all, religious - in the remote setting of a West of England market town, Dorchester. Perhaps Professor Underwood is a little luckier than most. Although there are large gaps in many of his records, he has struck two goldmines which give a richness to this book which it might so easily have lacked - *The Offenders Book* that runs from 1629 to 1687 and the diary from 1618 to 1635 and the *Commonplace Book* of William Whiteway, an affluent, well-educated townsman with a compulsion to record his life and times. No Peppys certainly - but a treasure for Underwood.

And of course, Underwood did not pick Dorchester at random. In the early 17th century Dorchester fell under the spell of its puritan preachers and so reflected the religious and constitutional crises that were imperilling England's ancient constitution.

In 1618 Dorchester was razed by fire, the church and the Shire Hall and a few stone houses survived. Such fires were not uncommon in English towns as most families lived in wooden, thatched shacks that were little better than tinder. But for John White, the Minister of Holy Trinity and his ardent supporters, secular as well as clerical, the Hand of God was clearly to be discerned in the disaster. Obviously He demanded more discipline, greater reformation. White had come from New

**FIRE FROM HEAVEN: LIFE IN AN ENGLISH TOWN IN THE 17th CENTURY**  
by David Underwood  
HarperCollins £17.99, 308 pages

College in 1605, a reformer of souls who could "wind up" a congregation as high as he wished. He was a Calvinist, intent on turning Dorchester into a New Jerusalem. He believed in discipline in exterminating sin, in the Devil who had to be rooted out, but he was also compassionate, keen on education (he started the Free Schools) and squeezed astonishing amounts out of his parishioners for charity. He was no firebrand. Calvinist he might be, but he wore the surplice, accepted the cross in baptism, and so remained just within the Laudian Church. And for him kingship was God-given, as was, indeed, all authority and so must be obeyed.

Authority had obligations - to create a harmonious community, based on God's Word - best achieved not only by prayer and fasting but by education and charity; succour for the victims of the harsher life of 17th century England was high on his agenda. Under his guidance, Dorchester became a model of godly benevolence. But its success depended on constant vigilance. White, his friends, his bailiffs and constables battled against Satan who, as Professor Underwood discovered from the *Offenders Book*, was at large in Dorchester.

Boys spat and "pinged" each other in Church, grew randy out of it, got drunk too young, handed pornography around; worse still, they used their daggers and burgled houses. Girls, especially maidservants, seemed to be as randy as the boys, drank with them in ale-houses that were little better than brothels, and finished up well pregnant before marriage. Below the surface of a God-fearing, deeply moralistic community, old Adam was up to his usual games.

Sexuality, however, was not the only problem. Higher in the social scale charitable money sometimes took years to reach the poor and deserving, and on occasion, got lost. There were rumours that even John White was not adverse to lining his own pocket in his promotion of a godly Dorchester in New England. Piety and profit made restless bedfellows.

The roots of Dorchester's puritan reformation proved shallow. Its inhabitants could live with it; they were not prepared to die for it and they succumbed to the Royalist armies in 1643. The corporation behaved with the utmost circumspection during the turbulent years that followed; with relief they rang their bells vigorously on Charles II's return.

The great charitable enterprises of earlier decades, the Hospital, the Free School and the Corporation Brewhouse whose profits paid their bills, slowly fell into desuetude and Dorchester reverted to being unremarkable - just another market town.

Professor Underwood's fascinating book is more than a mere contribution to social and local history. It is also salutary. There is a group of radical chic historians led by Lord Russell who regard the English Civil War and its vicissitudes after nothing that rapidly blew itself out. We can, in this book, see how the growing elite of Dorchester had to define, in the most serious and profound way, its attitudes to constitutional conflicts at the deepest level, the nature of sovereignty and the definition of the rights of the individual.

This is a very wise book, scholarly in its approach but immensely enjoyable reading. It will help to bring the debate about the causes of the Civil War back to reality.

**QUARTERED SAFE OUT HERE**  
by George MacDonald Fraser  
Harvill £16, 227 pages

**ECHOES OF WAR**  
edited by Robert Giddings  
Bloomsbury £15.99, 340 pages

**WARRIORS' WORDS**  
edited by Peter Tsouras  
Cassell (Arms and Armour Press) £19.99, 334 pages

Peace, for example?

But then, as we may read in *Warriors' Words*, a vast collection of thoughts from the military mind up to and including *Sturmtruppen* Norman Schwarzkopf, the Duke of Wellington's view was, "If you want anything done well, do it yourself." One for every old small boy who can comfortably agree with Tacitus that "the desire for glory clings to men even longer than any other passion."

Gary Mead

# An archaeology of myth and language

DANCING and poetry, religion and science, all are attempts at interpretation of the world and our place in it. By telling ourselves stories we lay claim to a place in the otherwise limitless seas of time and darkness that surround us.

Our species has forgotten much as it has grown remoter from the natural world which gave these myths their point; and it has learned much which has nothing to do with ancient realities, but instead concerns new facts of life forged by urban civilisation and its intricate technologies. What we have learned has not always replaced what we have forgotten, so although humankind has grown cleverer over time, it has not grown wiser.

Dudley Young's book is an attempt to recapture some of what has been forgotten. There is need for just such a study of our self-interpretations through history, especially of myth because of its peculiar power to encapsulate universals of experience. Myth resonates in popular literature and, inarticulately, in general consciousness; Superman is Hercules with Hermes' sandals, and when we struggle with anxiety we are Theseus in the Minotaur's maze. A synoptic study of these origins, drawing also on linguistics, anthropology and evolutionary theory, would shed extraordinary light, and give us the insight into our beginnings which is essential to self-knowledge.

It is a bold scholar, and one possessing an unusual apparatus of skills, who would risk the attempt to traverse and unite academic specialisms in this way. Young has taken that risk. His central thesis is that humankind is in spiritual confusion because it has lost touch with the sacred, which itself originated in our need to manage dangerous instincts of sex and violence.

The resulting damage is everywhere apparent, Young says, and stems chiefly from science, which has suppressed our religious nature and polluted the world. And he proposes (following Freud) that the founding experience of our now-lost sacredness was a violent patricidal episode which occurred in a dance; the alpha male was killed and eaten by the troop, and in consequence "lawlines" of ritual had to be evolved to contain and interpret this horrid originating act. Young ranges wide through many fields of enquiry to elaborate this theory.

What Young attempts - a conceptual archaeology of myth and language in search

**THE ORIGINS OF THE SACRED**  
by Dudley Young  
Little, Brown £16.99, 378 pages

of our earliest self-interpretations as humans - is a valuable task. But both his attempt and his results are profoundly unsatisfactory. There is an interesting thin book, and a more circumspect one, trying to get out of this fat one; but Young is too intoxicated by verbal pyrotechnics, clever phrases and slick generalisations to stop himself from overflowing constantly into absurd claims, so the book begins in self-indulgence and grows more fanciful. It contains much ignorant hostility to science, and much dubious and sometimes ridiculous play with etymologies. Young is out of his depth in several seas at once; and thereby shows that if one tries the intellectual equivalent of walking on water, one only succeeds in skimming the surface.

One of Young's main problems is his premise that sex and violence are essentially connected. He even makes the serious mistake of equating

"sex and violence" with "love and war". It is uniquely human to connect some aspects of love with sex; since nothing else where in nature parallels it we can learn nothing from nature about it. Yet Young succumbs to the mistaken cliché of modelling human behaviour in these respects on monkey and ape reproduction. And war is not the cognate, simply writ large, of violence perpetrated by individual animals on occasions of mating, feeding or general irritation, but something far more calculated and social.

But his worst mistake is to connect sex with violence at all. "Sex-and-violence" is a film-censor's artefact of the 20th century. Sex is not intrinsically violent, except in certain aberrant cases, and there is nothing intrinsically sexy about violence, except for some aberrant individuals. Fear of starving seems a more likely explanation for man's elaborate appeasements of the gods than the implausible claim that sexual coupling is analogous by the violent act of stabbing. Why "stabbing"? Why not meeting, fitting, joining, blending? In certain African languages the euphemism for sexual intercourse is "laughing together". This hardly contains the murderous suggestions Young finds attractive. Macho images of thrusting and spear-throwing seem more like adolescent masturbatory frustrations than reflections of genuine sexual experience, and therefore constitute a poor basis for a theory of human development. Here, as in too many places elsewhere, Young carries himself away.

The book - judicious, careful and imaginative - which effects an archaeology of our myths and parables, and so helps to tell us who we truly are, still waits to be written. Young has shown us that it remains overdue.

A.C. Grayling

# On guilt, virtue and combat

far too fat for jungle warfare: Nixon, forever saying "we'll all get killed". Duke, ex-public schoolboy who served in the ranks out of laziness as much as anything. Forster, always scrounging fags and hating everyone, especially Duke, but whose furious anger over Duke's death knew no bounds; and Corporal Little, the perfect type of instinctive man manager without which the British army would collapse.

MacDonald Fraser is unrivalled at the story-teller's essential crafts, characterisation, dialogue and scene-setting. By one of those typical army cock-ups he becomes a pseudo-expert in the handling of the Plat, a portable anti-tank weapon, without ever having fired it. At one point he is commanded to head into the jungle with a Plat and bombs, to instruct a unit in its handling. He discovers that the unit's

leader - Captain Grief - is completely round the bend. One of Grief's first questions is "Are you a turkin' finkin' or a peepin' gremlin?" After helping massacre a Japanese boat party Grief decides what MacDonald Fraser is: "the murderer's out - evil weevil written all over you!"

Sprinkled throughout are curmudgeonly views on the effectiveness of contemporary society and the notion that all war crimes are equal. It is a robust book which challenges many received ideas about guilt, virtue and combat; it is also hilariously funny and profoundly moving.

As an anthology of writings on war and battle, *Echoes of War* is oddly unsatisfying, with too much not very good poetry and some peculiar omissions. How can the section on the Napoleonic wars not have something from *War and*

# A drama of cryptic drawings

THIS BOOK is the interim result of one woman's fascination with an 18th-century character called John Byrom: closest Jacobite, pioneer of Pittman's shorthand, Fellow of the Royal Society - and curator of a corpus of over 500 rather similar and rather perplexing drawings. Joy Hancox is writing Byrom's life: here she describes the drawings.

Put aside the publisher's hyperbole. Byrom was evidently one of those types obsessed with the cryptic almost for the cryptic's sake, though he was wise to keep his Jacobite sympathies quiet. He formed a "Cabbala Club", whose members included Sir Hans Sloane, but whose functions remain necessarily obscure. He left no documentation with his collection of drawings: how they came to be assembled, and what unites them as an assemblage, are

**THE BYROM COLLECTION**  
by Joy Hancox  
Jonathan Cape £25, 320 pages

of Judeo-Christian cabbala, Freemasonry, the occult, methods of defence and navigation, and architectural design.

The limits of enlightenment are soon reached. Byrom was evidently one of those types obsessed with the cryptic almost for the cryptic's sake, though he was wise to keep his Jacobite sympathies quiet. He formed a "Cabbala Club", whose members included Sir Hans Sloane, but whose functions remain necessarily obscure. He left no documentation with his collection of drawings: how they came to be assembled, and what unites them as an assemblage, are

richly speculative questions. The only clues Byrom provided came from ciphers in his own abbreviated shorthand.

The sleuthing has plainly been fun for the author, even if it fails to add up to a proper denouement. Where the drawings are likely to arouse most interest is in their apparent allusion to the early theories of London. It used to be assumed that the Elizabethan playhouse evolved out of bear-gardens and cock-pits. Those who like their Shakespeare to be a man of the people have always resisted the alternative suggestion that it was the English discovery of the works of Vitruvius - architectural adviser to the Emperor Augustus - which gave rise to Shakespeare's "wooden O" and the Burbage family's first London theatres. Vitruvius outlined a ground plan whose basis was a circle containing

four equilateral triangles; and this is the basis for a number of drawings in the Byrom Collection, some of them even annotated with mention of a "Globe".

Are these plans of Shakespeare's *Globe* of 1599? If so, the *Globe*, with its pennant declaring it to be *theatrum mundi* ("All the world's a stage..."), is as architecturally germane to the English Renaissance as the works of its chief playwright are in a literary sense. There is a drawing of the Rose Theatre in the Byrom Collection which corresponds closely with what architecturalists have uncovered there. What correspondence may exist between the Vitruvian *Globe* of the Byrom Collection and the yet unexcavated *Globe* remains to be seen.

Nigel Spivey

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## For adults in the making

**Michael Glover**

# Fiddler on the hoof

**Andrew Clements**

**Peter Freedman**

■ Details of the Jewish Music Festival on 081 458 3618



# Closet drama Romeo

**Andrew St George**

**Records/Max Loppert**

## A basic 'Beggar'

Since the time of the Hammersmith revival, the most favoured method of treating *The Beggar's Opera* has been to practise various forms of musical re-working upon it. Some attempts (Frederic Austin's in 1920, Britten's in 1948) have had at least the "relevance" of particular circumstances and performing performances to justify them; others (the sludgy Guy Woolfenden edition for Scottish Opera and the gruesomely over-scored Bonyngs recording for Decca, with James Morris and the Dames Joan and Kiri, both 1981) have been so overlaid

Almost all the low-life accounts sound fearfully creaky and quaint; and though the air-singing is neat and often attractive — Miss Mills, an underrated and under-used soprano, is particularly welcome on records — the smell and feel of theatre seem light years away. Gay planned the work for actors who could sing; a reverse formula has been used by Mr. Barlow, and his bite is lost, his tone runs a wrong kind of interest and value, his work inessential; but it is not the *Beggar's Opera* revelation for which I've been waiting.

Handel, whose London Ital-

shaw in the title role, the counter-tenor Drew Minter (Otho) and the sopranos Lisa Saffer (Poppaea) and Wendy Hilder (Nero) — catch its light, sophisticated tone with captivating deftness. Only a single weakness, the woofy low-bass Claudius, mars the impression.

The new *Guild* Cesare most popular, and the most modest of all Handel operas has already been widely acclaimed. I do not entirely subscribe to the enthusiasm. The singing, particularly by the ravishing Jennifer Larmore (title role) and sumptuous Bernardo Fink (Cornelia), is among the best modern Handel performance has to offer; but Jacobs's sometimes leadenly slow tempos (how very odd of him, since he himself has adopted them) try our patience sorely.

*Rodelinda*, one of the supreme London masterpieces, simply needs better singing that it receives from the all-too-modest Frankfurt-based recording. Only Barbara Schiek in the title role — she is also Jacobs's Cleopatra — emerges with any credit.

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## Fiction

## Mistrustful influence of evil

**Andrew Clements**

## Short stories

## Quest for cultural identities

After this laconicism, Michael Collins' *The Meat Eaters* is bewilderingly worthy. All concerned with Ireland, his nightmarish stories assault you with horrendous images — the girl with a bomb in the stomach of her plastic doll; the mute child sexually abused by Old Mickelina, "the man who dreamed of lobsters"; the dead baby in a drawer. But there are too many adjectives, too many digressions, and not enough focus. The secret of the short story is selection.

## ART GALLERIES

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TELEVISION  
SATURDAY

**BBC1**  
8.35 Open University. 7.25 News. 7.30 Hello Sponsor. 7.55 Baber. 8.15 The Johnsons. 8.35 Round the Twist. 8.50 Parallel 8. 18.22 Weather.

**10.55 Grandstand.** Introduced by Desmond Lynam from Wimbledon. Including at 11.05 Football: Comprehensive review of the European Championship in Sweden. 11.35 Rugby League: Australia v Great Britain. Highlights of the Second Test from Melbourne. 11.50 Tennis from Wimbledon. Coverage of the men's and ladies' singles. The last 16 players in both contests compete for the honours at the All-England Club. 1.00 News. 1.05 Tennis. Further coverage. Times may vary.

**5.10 News.**  
**5.20 Regional News and Sport.**  
**5.25 Jim'll Fix It.** An eight-year-old from Grimsby paints Jimmy Saville's portrait and has it hung in London's National Portrait Gallery. A primary school teacher is serenaded by Chris de Burgh. See Brittas Empire. Chris de Burgh stars as the eccentric manager.

**6.30 That's Showbusiness.** Guests include boxer Frank Bruno, DJ Sade, Brannigan, agony aunt Claire Rayner and comedian Hugh Dennis.

**7.00 Keeping Up Appearances.** Hyacinth discovers her brother-in-law up a tree. Starring Patricia Routledge and Judy Cornwell.

**7.30 Growing Pains.** The Hollingsworths are asked to foster a teenager on an emergency basis. But soon discover he has problems with reading and trusky. Starring Sharon Duce and Ray Brooks.

**8.20 The Bill.** Julian and Jimmy find they have the same taste in women when staff nurse Sandra Nicholl (Maureen Beattie) joins the department.

**9.10 That's Lifestyl.** Geller demonstrates his psychic powers. If viewers have broken watches or clocks handy, he claims he can get them going. An Easter Bunny presents a major investigation into 'ghost calls' that appear on telephone bills.

**10.10 Today at Wimbledon.**  
**11.10 Film: The Godfather.** A young punk leads a high school gang against the town's rich kids. Francis Ford Coppola's melodrama (1983).

**12.40 Weather.**  
**12.45 Close.**

**BBC2**  
8.40 Open University.

**3.00 Wimbledon.** Desmond Lynam introduces action from the All-England Club. The 100th tournament is a week old and the first Saturday of the championship is one of the most popular days of the whole fortnight. Commentary by John Barrett, Mark Cox and Barry Davies.

**5.00 News and Sport; Weather.**  
**5.15 Have I Got News For You.** Political adversaries Cecil Parkinson and Norman Willis join captains Ian Hlop and Paul Merton in the final edition of the satirical news quiz. Angus Deayton is the host.

**8.45 Black and White in Colour: Television.** Memory, Race 1980-1985. First of two special programmes celebrating black and Asian contributions to British television. Award-winning director Isaac Julien looks at the earliest days of television to the early 1980s. Narration by Professor Stuart Hall. The season is made in conjunction with the British Film Institute.

**9.35 2 Cars.** An episode of the popular police series from 1984 examining the different degrees of racism among the characters of the New Town police. An unemployed African barricades himself and his family in their house after attacking a bailiff. Starring Stratford Johns. Part of the Black and White in Colour season.

**10.25 A Hole in Babylon.** Drama based on the real-life story of three young black men's attempt to rob the Knightsbridge Spaghetti House in 1975. Directed by black film-maker Horace Ove and starring T-Bone Wilson, Archie Pool and Trevor Thomas.

**11.35 Teenage Diaries.** Video diary following Jennifer, a 15-year-old girl coping with her mother who is severely disabled by multiple sclerosis.

**12.25 Film: Claymation.** Two young men, although different in character and background, develop a strong bond. But their lives are shattered by sexual prejudice. Nicholas Rampel, Todd Fraser, Liam McGrath and Asbury Ward star (1985).

**1.30 Close.**

**LWT**  
8.00 TV-am. 8.25 This is Your Life. 11.30 Zorro. 12.00 The ITV Chart Show.

**1.00 ITN News; Weather.**  
**1.05 LWT News; The Day.**  
**1.10 Saint and Graevale.** Ian and Jimmy reflect on the European Championship.

**1.80 WCW Worldwide Wrestling.**  
**2.45 Athletics: Panatomic Olympic Trials.** All eight of Britain's European champions including Linford Christie, Roger Black and Nkrumah Akpan are taking part in this competition for Olympic places. The winner of each event is guaranteed a place in the British team for Barcelona with two more places available at the selectors' discretion. In the women's javelin, Tessa Sanderson bids to qualify for the Olympics for a record fifth successive time.

**5.00 ITN News; Weather.**  
**5.15 Beverly Hills 90210.**  
**6.05 Bob's Your Uncle.**  
**6.20 Catchphrase.**

**6.30 Denza Norden's 21 Years of Laughter.** Norden looks at some of the best comedy from the past 21 years. Featuring examples of laughter from Tommy Cooper to Rick Mayall, and Victoria Wood to Bruce Forsyth.

**8.10 Sam Saturday.** New series. Ivan Kaye stars as Jewish police hero Det Insp Sam Sterne. Sam and his partner Jim Suder (Peter Armitage) try to solve the gruesome killing of a beautiful girl whose only identification is a large telephone bill.

**9.10 World Championship Boxing.** Chris Eubank v Ron Eassett. Britain's Chris Eubank takes on American Ron Eassett for the WBO super-middleweight championship. The fight comes live from Portlago's Club de Lago resort.

**10.10 Tom Jones: The Right Time.** The Chieftains and Live Aid supremo Bob Geldof join Tom Jones as he looks at country and Celtic influences on modern music.

**10.40 ITN News; Weather.**  
**10.55 LWT Weather.**  
**11.00 Wolf.**  
**11.15 Philip Marlowe: Private Eye.** Get Stuffed; ITN News Headlines.

**12.55 The Big E.**  
**2.00 Get Stuffed.**  
**2.05 Music from the Bridge.**  
**2.35 News.**  
**3.15 The Big E.**  
**4.35 The Hit Man and Her.**

**CHANNEL4**  
8.00 Early Morning. 10.00 Sign On: At Leisure. 10.50 Film: Scrooge. 11.50 Madcap Magoo. 12.00 Get Smart. 12.30 pm The Beverly Hills.

**1.00 Film: Heller in Pink Tights.** Comedy Western, starring Sophie Loren and Anthony Quinn. A theatrical troupe travels through the Old West - with the law in hot pursuit (1960).

**2.55 Racing from Newmarket and Newcastle.** From Newmarket: The 3.05 Banstead Manor Fred Archer Stakes, the 3.35 Van Oort Criterium Stakes, the 4.05 Hascombe Handicap Stakes and the 4.35 Ewar Stud Farm Stakes. From Newcastle: The 3.15 Journal Good Morning Handicap Stakes, the 3.50 Newcastle Brown Ale Northumberland Stakes (H'Cap Stakes), the 4.20 Wyndham Classic Northumberland Sprint Trophy (H'Cap Stakes) and the 4.50 EBF Hexham Maiden Stakes.

**5.05 Broadsides.**  
**5.05 Right to Reply.** Viewers Sarah Parnall challenges Michael Winner about his controversial series True Crimes.

**7.00 A Week in Politics.** Labour leadership candidate John Smith MP talks about his plans for the Labour Party. Plus, with Britain's presidency of the EC beginning next week, the programme charts the difficulties the Government will have to face in the next six months, including opposition from its own backbenchers.

**8.00 Kingdom of the Plains.** Investigating Kopjes, huge granite islands which jut out into the Serengeti plain. The cracks in these rocks have become a special habitat for all manner of bizarre wildlife, including thin lizards, flat bats and pancake-shaped tortoises.

**9.00 GBH.** Re-run of Alan Bleasdale's prize-winning drama. The conflict between Michael Murray and Jim Nelson increases. Nelson talks deeper into despair while Murray is around the corner for council leader Murray. Michael Palin, Robert Lindsay, Julie Walters and Lindsay Duncan star.

**10.35 Film: Pierre le Fou.** A bored husband leaves his rich wife and travels through France with a former lover. Romantic thriller directed by Jean-Luc Godard, and starring Jean-Paul Belmondo (1965).

**12.40 Twisting Zone.**  
**1.35 Close.**

**REGIONS**  
ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

**ANGLIA:** 1.05 Anglia News. 1.50 Starting from Scratch. 1.55 Times of Grimsby. 2.05 Anglia News and Sport. 10.25 Regional Weather. 11.00 Beauty and the Beast.

**BORDER:** 1.05 Border News. 1.50 Chequered Flag. 2.20 Kate and Doc. 5.05 Border News and Weather. 11.00 Desperado.

**CENTRAL:** 1.05 Central News. 1.50 WCW Worldwide Wrestling. 2.25 Sky News. 5.05 Central News. 11.00 When the South Begins. (1985)

**CHANNEL:** 1.05 Channel News. 1.50 Diary Dates. 1.50 The A-Team. 5.05 Channel News. 5.10 Puffin's Play/Yes. 11.55 Kojak.

**GRAMPAN:** 1.05 Grampian Headlines. 1.50 Crann Tara. 2.20 Cover Story. 5.05 Grampian Headlines. 5.10 Grampian. 10.55 Grampian Weather. 11.00 Desperado.

**GRANDAD:** 1.05 Only Joking. 1.50 Grandad News. 1.50 The Kate and Doc. 5.05 Grandad News and Weather. 11.00 Desperado.

**HTV:** 1.05 HTV News. 1.50 Dogs with Dunbar. 2.20 Chequered Flag. 5.05 HTV News.

**ITV Wales as HTV except:** 5.05 HTV News.

**SCOTTISH:** 1.05 Scottish News. 1.50 Scottish Today. 1.50 Mickey and Donald in Wet and Wild. 5.05 Scotland Today. 10.55 Scottish Weather. 11.00 Murder at the World Series. (TVM 1977)

**TSW:** 1.05 The South West Week. 1.55 TSW News. 1.50 The A-Team. 5.05 TSW News. 5.10 Gus Honeybun's Magic Birthdays. 10.55 TSW Weather. 11.00 Desperado.

**TVS:** 1.05 Blockbusters. 1.05 TVS News. 1.50 The A-Team. 5.05 TVS News. 11.55 Kojak.

**TYNE TEES:** 1.05 Supermen. 1.05 Regional News. 1.50 Soccer in the Streets. 1.55 Chequered Flag. 5.05 Northumbria. 11.00 Desperado.

**ULSTER:** 1.05 Ulster Newsline. 1.50 WCW Worldwide Wrestling. 5.05 Ulster Newsline. 10.55 Ulster News and Sport. 11.00 Desperado.

**YORKSHIRE:** 1.05 Supermen. 1.05 Calendar News. 1.50 The A-Team. 5.05 Calendar News. 11.00 Never Give an Inch. (1977)

**340 Wales as Channel 4 except:**  
10.50 Six Sadmen. 5.05 American Chronicles. 7.00 Newyddion Nos Sadwrn. 7.15 Sut Mae'r Dyn. 7.45 Tŷ Fawr. 11.55 Lerpwy Y Briddigol. 8.00 Evening Shade. 8.30 4-Play: Tŷ.

## CHESS

DID a smile flicker across dead Lenin's face? Soviet grandmasters in their heyday won the chess olympics 16 times in 17 attempts, while other countries scrambled for second place. This week in Manila, former USSR republics won the gold, silver and bronze medals, and seven of the top ten teams fielded ex-Soviet players.

Garry Kasparov's Russians were far weaker on paper than the old USSR, but inspired by the world champion on top board they won by a wide margin over their Soviet predecessors. Kasparov boldly chose Vladimir Kramnik, 16, as his No. 4, and the boy won the individual gold medal with 8½/9.

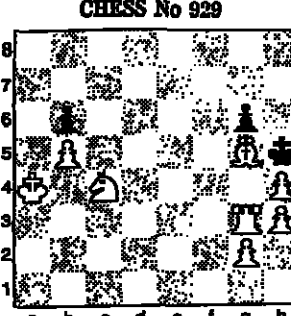
The Uzbekistan unknowns who defeated England early on, won the team silver medals, the greatest surprise in Olympic history.

England were collectively and individually out of form, and only scraped into the top ten with a late rally. After three silver medals in the 1980s, they suffered the pressures of being favourites (J Nunn, England, White; S Tatal, Italy, Black; Four Knights; Manila 1992).

1 e4 e5 2 Nf3 Nc6 3 Nc3 Nf6 4 Bb5 Bb4 5 0-0 0-0 6 d3 Bxc3 7 bxc3 d6 8 Bg5 Ne7 Qe7 is better, but Nunn defeated that reply in an earlier round at Manila. 9 Nf4 e6 10 Bc4 Ne8 A slow regroup. Better is Kh8, planning Ng6 and if Nxg6+ fxe6 with play down the f file. 11 Bb3 Bg6 12 d4 h6 13 Be3 h6 14 Bxe6 fxe6 15 Qe4 Many variations of the venerable Four Knights emanate from around 1910, so Nunn's attacking formation follows old games of Tarrasch and Capablanca. Rf6 16 f4 exf4 17 Rxf4 e5 18 Rxf5 Nxf6 19 Qxe6+ Kh7 20 Rf1 Qh2 21 Rf3 Re8 22 Bxh6 Kh8 23 Rb3 Re8. Nf5+ is a winning threat.

## CHESS

White mates in four moves, against any defence (by H Kliver, 1971).



Solution Page XVII

Leonard Barden

## BRIDGE

EVERY good dummy player, when faced with a difficult contract, is on the look-out for an extra chance. Let us see how well the declarer fared in this hand from a rubber:

N  
S  
W  
E  
7 5 2  
K Q J 9  
Q 6  
J 10 3 2  
S  
A K J 10 6  
4  
10 5 4  
A K Q 7

South was the dealer with North-South vulnerable, and opened the bidding with one spade, to which North replied with one no trump. South now rebid two clubs. North gave primary preference with two spades, and South's jump to four spades concluded the auction.

West made the obvious opening lead of the heart king, and the declarer took stock of the position. There were nine

tricks for the taking, but there were three unavoidable diamond losers. South decided that he must rely on a favourable break in clubs. Winning the heart king with dummy's ace, he drew three rounds of trumps - East threw the eight of diamonds on the third round - and then ran the three club honours. West turned up with four to the knave, and the contract was defeated by one trick.

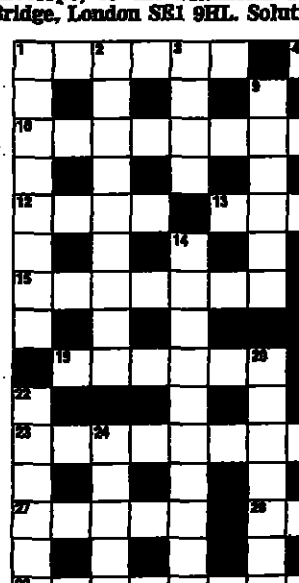
Let us put an expert in the South seat, and watch his play. He wins the opening lead as before, studies the hand, and sees that there is an extra chance besides the even break in clubs. He cashes ace and knave of spades, and then cashes the three club honours.

If the suit breaks, he draws the last trump and claims his contract. If it does not, the extra chance which he has spotted, is that the hand with four clubs will also have the remaining trump. As this happens, South ruffs his last club on the table, and the contract is delivered. Study this hand, and file it away for future use.

E P C Cotter

## CROSSWORD

No. 7884 Set by DINMUTZ  
A prize of a classic Pelikan fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday July 8, marked Crossword 7884 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday July 11.



Name: \_\_\_\_\_

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ACROSS

1 Frenzied woman receiving

2 Live with a broken leg, like Car-

3 Did it go to Falstaff's head when

4 Absolute head of Kent (6)

5 It follows "The Ring" cycle (5)

12 Fund-raising programme needs

13 Low B, for example, cut out of

14 Bone from Munster workings (7)

15 Dead soil creates famine (6)

16 Chant of worker at border (6)

21 Inner-city station? (7)

22 One seen in English hotel (before

23 Still in local market? (4)

27 Try new hat in German town (6)

28 Young undaunted swimmer in

29 Slack water late in the day (8)

30 Who's a pretty boy, then, at

Oxbridge? (6)

DOWN

1 Splotch of corrosion after fog

2 Remaining fresh and constantly

3 "Blithe Spirit" does not open (4)

4 Socially acceptable attitudes

5 Amusing thing - English nurse-

6 Fan in suite hasn't turned (10)

7 Doom, euphemistically, of sailor-

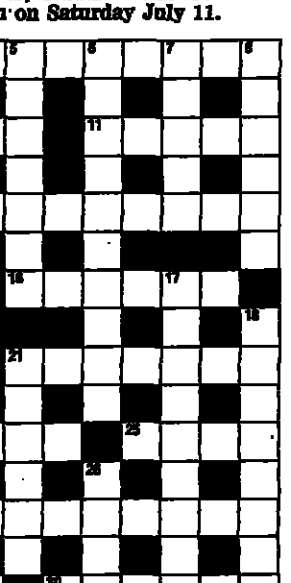
8 Traveller's joy - climate

9 Improving to the south (8)

10 Theatre siren (7)

## CROSSWORD

No. 7884 Set by DINMUTZ  
A prize of a classic Pelikan fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday July 8, marked Crossword 7884 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday July 11.



Name: \_\_\_\_\_

Address: \_\_\_\_\_

ACROSS

1 Frenzied woman receiving

2 Live with a broken leg, like Car-

3 Did it go to Falstaff's head when

4 Absolute head of Kent (6)

5 It follows "The Ring" cycle (5)

12 Fund-raising programme needs

13 Low B, for example, cut out of

14 Bone from Munster workings (7)

15 Dead soil creates famine (6)

16 Chant of worker at border (6)

21 Inner-city station? (7)

22 One seen in English hotel (before

23 Still in local market? (4)

27 Try new hat in German town (6)

28 Young undaunted swimmer in

29 Slack water late in the day (8)

30 Who's a pretty boy, then, at

Oxbridge? (6)

DOWN

1 Splotch of corrosion after fog

2 Remaining fresh and constantly

3 "Blithe Spirit" does not open (4)

4 Socially acceptable attitudes

5 Amusing thing - English nurse-

6 Fan in suite hasn't turned (10)

7 Doom, euphemistically, of sailor-

8 Traveller's joy - climate

9 Improving to the south (8)

10 Theatre siren (7)

## RADIO

## SATURDAY

**BBC RADIO 2**  
6.00 Barbara Sturgeon. 6.05 Brian Matthews. 6.10 Anne Robinson. 12.00 Mark Wintner. 1.00 The A1 Road Show. 1.30 Sam and the Grumbleweeds. 2.00 Sounds of the Fifties. 3.00 Steve Race. 4.00 And the Bands Played On.

**BBC RADIO 4**  
6.00 Cinema 2. 6.30 Music by André Previn. 6.50 Mary Black in Concert. 7.00 Beat the Record. 7.30 Graham Norton. 8.30 Bernie Clifton. 8.45 Things are Swinging. 10.30 The Arts Programme. 12.30 Night Ride. 4.00 Barbara Sturgeon.

**BBC RADIO 3**  
6.05 Weather and News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 The Cunn Twins. 9.30 Saturday Review. 12.15 Mendelssohn. 12.55 Molecules. 1.00 News. 1.05 Fretwork. 2.05 Berlin Philharmonic. 3.40 Two Violinists Play. 4.00 Light and Dark. 4.30 Jazz Record Requests. 5.45 Third Opinion. 6.00 Mousieus de Concert. 6.55 Attila. 8.25 Dolce Italiano.

## SUNDAY

**BBC RADIO 2**  
6.00 From the Airedale Festival. 12.00 News. 12.05 Close.

**BBC RADIO 4**  
6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day. 7.00 Today. 8.00 News. 8.05 Sport on 4. 8.30 Breakaway. 10.00 Loose Ends. 11.00 The Week in Westminster. 11.30 Euphoric. 12.00 Money Box. 12.25 I'm Sorry I Haven't a Clue.

**BBC RADIO 3**  
6.00 News. 6.10 Any Questions? 6.30 Saturday Playhouse. 8.00 A Matter of Consolation. 8.30 Science Now. 8.50 A Year in Homes. 8.55 After the Party. 1.05 Fretwork. 2.05 Berlin Philharmonic. 3.40 Two Violinists Play. 4.00 Light and Dark. 4.30 Jazz Record Requests. 5.45 Third Opinion. 6.00 Mousieus de Concert. 6.55 Attila. 8.25 Dolce Italiano.

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# The easy way to guarantee a friendly press

Dominic Lawson on how the rich and powerful can corrupt their critics

SIR John Junor once said of journalists: "It is not power which corrupts; it is money which corrupts." The former editor of the *Sunday Express* was absolutely right.

Any business tycoon who wants to buy the good opinions of a financial journalist, or any member of parliament who wishes to ensure favourable mentions from a political correspondent, need only offer the press man friendship, or at least the illusion of it.

At the very least, they will be guaranteed an absence of spiteful copy from the pundit in question. This is not a rule which works invariably, but it is infinitely more effective than employing public

relations advisers to pump out press releases which nobody reads, still less believes. Journalists are star-struck and like the idea of their social circle overlapping with that of the rich and famous. Second, they like to think that, by maintaining a close "friendship" with these stars, one day they might be given a scoop. They will, of course, but it will be a scoop which suits the political or financial aspirations of the famous "friend."

The other week, this form of journalism came in for some criticism. The editor of the *Mail on Sunday* - or whoever writes that paper's leading articles - took it upon himself to lecture Charles Moore, deputy editor of the *Daily Telegraph*. Moore

had written an article in *The Spectator* critical of the conduct of yet another editor who published details about the private life of the Prince and Princess of Wales.

"What Mr Moore's readers couldn't guess," said the editor of the *Mail on Sunday*, "was that he had an interest to declare. He is one of those journalists who is reasonably close to the Prince of Wales, a position he visibly relishes. There is nothing wrong with that, but journalists ought to let their readers know when they are singing for their supper."

On a matter of fact, this happens to be wrong. Having checked, I discover that the deputy editor of the *Daily Telegraph* - a friend of mine,

I admit - has neither seen nor spoken to the Prince of Wales since October, 1990. But this is not the point, which is that the editor of the *Mail on Sunday* is reasonably close to the prime minister, a position he relishes. As a result, he writes things such as that John Major "has so much adrenalin that, if only it could be marketed and sold for export, it would solve the balance of payments problem for ever."

Perhaps the Prince of Wales should take a leaf out of John Major's book and seduce with friendship those who are now so critical of him and his family. His great-grandfather would certainly have advised him thus.

I have been reading Sir Sidney Lee's great biography of Edward VII, completed a few years after the monarch's death. When there was a great surge of republican feeling in England in the 1870s (far more significant than that engineered by parts of the press in recent weeks) Edward, then Prince of Wales, simply neutralised the critics.

I quote from Sir Sidney: "The Prince's readiness to meet socially

critics of monarchy was not at first blithely encouraged, but the Prince's tact and grace usually won the day. His first invitation to the Radical stalwart, Mr Fawcett, to a garden party, was refused; but Mr Fawcett subsequently accepted the Prince's hospitality, and Mr [Joseph] Chamberlain, silencing any earlier scruples, became the Prince's frequent guest. Of greater significance, Sir Charles Dilke, the Radical champion of the anti-monarchical movement, soon joined the Prince's intimate social circle... The Republican wave had spent itself, and there was to be no more strife between the Prince and the forces of Radicalism."

Dominic Lawson is editor of *The Spectator*.

## To the rescue, again

Michael Thompson-Noel



I WISH I'D never joined Ross Perot's team. I was in Bahrain last weekend, breakfasting with sheikhs on muesli and figs, a sandstorm raging, when the man who would be president telephoned from Dallas, heedless of the time difference, to pick my brains on world affairs.

"How are you, boy?" asked Ross Perot. "I must say you're an asset. But you do skip around - one minute here, the next someplace else. Where are you now, boy?"

"Bahrain," I replied. "Never heard of it," said Perot. "Is it a neighbourly kinda place? Upright and church-going? An enemy of moral laxity? A friend of America's? I couldn't tolerate a member of my election team prancing and cavorting in some heathen spot. You're not playing roulette, boy? Terrible thing, roulette. It breaks up whole families, causes untold anguish. I have said it before and I will say it again: there's no room on my payroll for anyone who plays roulette."

"Of course I'm not playing roulette," I said. "It's six in the morning. I'm breakfasting with sheikhs. We've just finished our muesli. Now we're eating figs. To answer your first question: Bahrain is neighbourly, upright and moral. It's halfway down the Gulf. I'm sure you needn't worry about it. There are sandstorms every day. Temperatures over 50°. Absolutely ghastly. The smallest place imaginable. Just a few sheikhs, cosseted by air-condi-

**HAWKS & HANDSAWS**

tioning. In terms of the Middle East, it is a very small pomegranate." "That's the boy," said Ross Perot. "You have a wonderful knack for telling me things I don't know in plain and simple language. I'm glad you're on the team. Write me a position paper on the Middle East and fax it to me here in Dallas. The media keep complaining that they don't know what I stand for. With you in the line-up, I'm able to disabuse them. Is your money getting through?"

Ever since Ross Perot recruited me two weeks ago to help him win the presidency, I have received a cheque for \$35,000 every second or third day. I have bought two Mercedes and an ice-cream machine. "Yes, thanks, Mr Perot," I said. "Excellent. I'll call you mid-week."

And so he did, on Wednesday, catching me at Wimbledon - Centre Court, Row B - where my mobile phone started chirruping just as Croatia's Goran Ivanisevic boomed down his 33rd ace against Mark Woodforde, a plucky little Aussie.

"Where are you now, boy?" asked Ross Perot. "Wimbledon," I whispered, embarrassed by the bright stares of those to left and right. "Who are you watching?"

"Mr Smarty Pants versus Mr Carrot Top." "What's the score?" "The score hardly matters. Every time Mr Carrot Top shows a flicker of defiance, Mr Smarty Pants shells him with another four aces or bombards him with astounding cross-court drives."

"Good," said Ross Perot. "It gladdens me when members of my team show a healthy interest in sport. Just as long as it doesn't interfere with their duties, or their never-ending war against moral laxity."

Thank you for your position paper on Middle East affairs, boy. You certainly know your stuff. It has given the Committee To Elect Ross Perot a great deal to chew on. Now I want something else - to meet Maggie Thatcher. Can you fix a dinner?

"Why Maggie Thatcher? She's yesterday's potatoes, a sad and bitter woman."

"You mean something's happened to her?"

"Of course it has," I said. "She was removed in a coup. Her successor is John Major."

"Jumping rattlesnakes!" said Ross Perot. "The things I learn from you. I've never heard of John Major. But then Europe is a mystery to me, boy, along with Asia, Africa, Morocco, Mongolia, Queensland, New Zealand, South and Central America and the North and South Poles."

"Holy Toledo!" I exclaimed. "What's the matter?" asked my boss.

"Mr Smarty Pants has just cannoned down his 34th ace."

"Forget the tennis," roared Ross Perot. "It's a wimp's game, boy. A game for lesbians and long-hairs. Talking to you always reminds me that the reason I don't stand for anything is that I don't, in fact, know anything. You overwhelm me, boy. I want you here in Dallas. I'll send a plane to fetch you. Get here quick."

Private View/Christian Tyler

## Mahler and money - the double life of Gilbert Kaplan

LIKE EVERY amateur musician, Gilbert Kaplan has his party piece. But this lanky Wall Street millionaire, founder and editor-in-chief of the financial monthly *Institutional Investor*, is no musical mouse. His showpiece is to conduct Mahler's "Resurrection" Symphony, a vast, difficult work scored for orchestra, choir, soprano, alto, organ, bells and offstage brass.

Kaplan fell in love with the symphony when he was 23. Or was it infatuation?

"No," he said. "I think that is too weak a word. It's a torrid love-affair, one that's gone on for a long time and to which I've been quite faithful... and one which my wife Lena fully understands," he added, laughing.

In 1981, already rich, he decided he must conduct the "Resurrection". It was a Herculean task for someone whose musical education consisted of three years' piano lessons between the ages of seven and 10. He hid himself away, studying for up to nine hours a day to learn the score by heart. He took lessons in conducting, advice from Sir George Solti and hired the American Symphony Orchestra to practise with.

"One of the lessons I learned from this whole experience is that very large-scale projects are often avoided because they seem daunting. What enabled me to get started was to disaggregate it: I discovered one day I'd learned a page of the score. So I said '208 days from now I will have learned the whole symphony'."

He emerged nearly a year later, mounted the podium at the Lincoln Centre, New York, in front of an invited audience of 2,700 friends and clients, and conducted for 90 minutes without the score. It was his party piece for the 15th birthday of *Institutional Investor*, a little surprise for his friends... and an experience he had no intention of repeating.

But critics and players were so impressed that he was invited to do it again in public. He has been conducting the second symphony, all over the world, ever since. His 1988 recording of it with the London Symphony Orchestra has sold 125,000 copies and reached the top of the British classical hit parade.

Gilbert Kaplan never wanted to be a conductor. He still doesn't. But he does want to be regarded as a serious Mahlerian.

On Monday he publishes his second facsimile edition of Mahler's music (the first, of course, was of the "Resurrection", whose original he now owns). It is a lavish boxed set containing a monograph and his recording of the Adagietto, the miniature slow movement of the Fifth Symphony used in the film *Death in Venice* and probably Mahler's best known melody.

Kaplan's research has convinced

him that the Adagietto, usually played as a 12-minute dirge, is about love, not death. Mahler sent it as a love letter to his wife Alma and meant it to last no longer than about eight minutes. Kaplan's version, subtitled "From Mahler with love" is to be issued as a CD single - and could be another best-seller.

The infatuated publisher does not look like a man obsessed. He is languid, polished and preppily dressed with his gold Seahorse cufflinks, self-assured but not overbearing.

Had he been trying to prove something, or to show off? He replied in terms of the lover who seeks physical consummation. "I am not someone who seeks challenges for their own sake. I don't think 'Wouldn't it be nice to climb Mount Everest'. I fell in love with this music and the idea of conducting it was a way of becoming more intimate, a way of trying to get inside the music and understand what it was that compelled me so much."

"I make no apologies for excessive

*'In some ways I don't approve of what I do... but for me it is a matter of life and death'*

behaviour, but it was personal excessive behaviour, not directed to proving anything."

Are you an exhibitionist? "I don't believe I am. I may have achieved a few things in my life but they have been done in rather traditional, normal ways. I'm not an extrovert in general. I'm not someone who is terribly emotional in public. But when you're on the podium you really do stand there naked and you have no choice. You cannot put any limitations on yourself."

So you would resent being described as a dilettante? "Absolutely. I may be any number of things but I'm certainly not a dilettante."

In some ways I don't approve of what I do; I don't in general approve of amateurs meddling in a professional world. But for me what I'm doing is a matter of life and death."

It would be wrong to see Kaplan as a musical monomaniac. He lists Mahler's main influences: Prokofiev and baroque. He can play bits of Rachmaninov, Gershwin and jazz on the piano; and he does not like Mahler's Eighth Symphony much.

Nor does he especially identify with Mahler the man. He condemns the composer's self-centredness and domineering treatment of his wife and colleagues. If there was a similarity, he said, it was their shared perfectionism. "Mahler's motto was: Whatever you do, try and do it as

well as you can. I certainly feel that way."

Kaplan has a middle-class Jewish background. His father was comfortably off, having sold the family shirt-making business, but his parents were divorced when he was five. I asked if Mahler's Jewishness struck a chord with him.

"Well, I think anyone who is Jewish and who reads what he had to go through cannot fail to feel some affinity. It had a profound effect on him and I have sympathy with his plight. In fact, it makes my blood boil. But no, I don't find his being Jewish has anything to do with my attraction to his music."

Kaplan's love affair has not distracted him from life. In 1967, two years after the *coup de foudre* and anxious to be self-employed, he started the magazine with borrowed money. In 1984 he sold the business to Capital Communications for a sum estimated by Wall Street at between \$50m and \$70m. He continued as editor because, he said, he prefers journalism to business: his strengths are his news sense and his ability to discover good writers. Occasionally he goes out to interview people, like John Gutfreund of Salomon Brothers and the late presidents Sadat and Marcos.

For someone who's job is finding out how others dispose of their wealth, Kaplan is rather reticent about his own. However, he did offer one tip for would-be millionaires.

"People trying to make money go about it completely the wrong way. If you pick something you really love (and it's a business activity) you will do extremely well. If you pick something where you think you'll make a lot of money you probably won't do well because you'll be competing against people who love what they do."

He said there was "no question" but that he could earn a living from music now if he chose. But he wants to remain an amateur. Any profit he does show goes to the foundation he has set up for musical purposes.

When I suggested his latest presentation box was a bit over the top for such a little piece of music - that it was a rich man's fable - he looked as wounded as a new mother whose baby has been called ugly. "I don't tend to do things in moderation. I tried to create the most wonderful publication I could for - my wife and I joke about it - for the 32 people who care." He paused. "Anyway, I don't do it for them, I do it for me."

After another pause: "I wonder if after ten years I don't have some Mahlerian credentials. While I would agree that as a conductor I would not expect to hold my own, I'm not sure that Mahlerian scholars would think of this as a rich man's toy."

He said he would do anything to make Mahler's music better known. "A Swedish finance minister said

back in the 1930s poverty shared by all is not poverty. My equivalent of that is: extravagance on behalf of Mahler is not extravagance."

Yet money had become a hindrance, he said. At the start it helped him to learn his symphony - and that cost less than people imagined. Now it just gets in the way, he said, because nobody can believe that today it is not he who hires orchestras but they who engage him.

Kaplan's other extravagance is Surrealist pictures. He loves Salvador Dalis (most of them), has lent some Magrittes to the present London exhibition and is joint author of a catalogue of Magritte's lithographs and etchings. He claims Mahler's music, in its use of clashing moods and sounds, foreshadows Surrealism.

Why do you like Surrealism? "I could say I like the idea of finding a reality by seeing real and unreal things side by side. But that's probably nonsense. I like the

paintings. When I walk into the Museum of Modern Art where there's a room of Surrealists, I come alive. I don't have to explain it."

He thinks there is a touch of the surreal in his own life: the self-controlled Wall Street analyst who at night dons the cape of the maestro and lets fly with his emotions. But Kaplan does not see his two lives as at all incongruous, even if his love of Mahler is extreme. He thinks he is "integrated". After all, he didn't choose to fall wildly in love with Mahler's "Resurrection."

"And there's something else. It's a mistake to think people have to lead their lives sequentially. Most people talk about one career then the next, then having time for their pleasures. I've never believed that's a healthy way to live."

"If that triggers a reaction such as yours - that this is a rich man's fable - so be it. But where is it ordained that only the people who do one sort of work exclusively should be allowed to do it?"

As they say in Europe/James Morgan

## The Maastricht debate takes a frivolous turn

FRIVOLITY, for the first time in months, if not years, peeps shyly from the sombre pages of leading European papers. The lightheartedness may have been partly inspired by the Irish referendum which I knew was going to be awful because of the succession of ghastly German puns it would inspire. The trouble is that the German for the Irish is *Irish* while "to be mistaken" is *Irren*. You can imagine the rest, for each German word can have many others built upon it.

The next referendum is in France where the domestic debate is flagging in spite of the Versailles Congress which approved the changes needed to implement the Maastricht Treaty. *Libération* performed a sterling service - several hundred words on how to pronounce the name of the "little Batavian city." (This is a curious French habit, nothing is ever called by what it is, thus France is always "the Hexagon.") Nicole Gauthier opened with the words, "Tell me how you pronounce 'Maastricht' and I'll tell you who you are." It emerges that the Communist leader, Georges Mar-

chaix, pronounces it "Maastriche" which nicely mixes the hated treaty with the verb "to cheat" - hence *Maastricheries*. One trouble is that the most famous of Dumas' musketeers, d'Artagnan, died at Maastricht, which gives the city a place in French mythology that it lacks elsewhere. As a result there was a row in the National Assembly. A UDF deputy from what was once a royalist stronghold, the Vendée used one pronunciation, a socialist cried, "Say Maastricht!"

"Je prononce comme il faut!" "No, in dying on the ramparts of Maastricht, d'Artagnan certainly said 'Maastricht.' Let us remain French!" said the socialist.

Now in France there is always great searching for the journalistic device that might be called the Contrived Coincidence, or Puerile Paradox. In Britain this is seen in sentences such as, "Although Professor Smith is the leading authority in Oxford on medieval music, he is also a keen follower of West Ham United." In France the coincidence of the Versailles parliamentary congress and the attempts by farmers to blockade the routes to Paris provided fertile ground for the provincial press to draw gaudy parallels. Thus *La République des Pyrénées* contrasted the two phenomena and continued, "On one side the Jacques de peasants revolting against the

reform of the Common Agricultural Policy, on the other, under the gold of the Princes' Wing, costumed deputies approving the Europe of Maastricht." Rather lamely, it had to conclude that this was not a repetition of ancient French revolts. The peasant problem in France always surprises her neighbours. The image conjured up in England by the words "French peasants" is probably of a cross-eyed crone throttling some poor stuffed goose outside a bucolic hotel from which her bottled-scarred husband stares malignly through a broken window pane. In France, however, the vision is Arcadian. I have been treasuring for some weeks a huge article by

Alain Peyrefitte in *Le Figaro* entitled, "Do we want the death of the French peasant?" It was the familiar "true France" stuff, accusing the government of bowing to Washington in accepting reform of the CAP. What Peyrefitte called the "French exception" was characterised as, "A harmony, painfully acquired over time, between town and country, between hi-tech industry and the permanent elements of labour and pasture, between innovation and respect for tradition."

It could have been taken from a speech by Marshall Petain, circa 1943, on the Vichy government's theme of "Patrie, Famille Travail." Each nation has its curious vision

of rural life. In Germany it is all mixed up with organic food and organic societies, building blocks of the nation and the need to keep in touch with basic values. The *Frankfurter Allgemeine Zeitung* reports that 70 per cent of the German people go for walks in the "mythic" German forest quite regularly in search of "cleansing of the soul."

In Britain an upper middle class, mummified chins-and-thatch fantasy peers out from the carefully crafted pictures in glossy magazines. But at least in Britain few believe that enormous subsidies are essential for the maintenance of the rural idyll.

The Italians probably have the right attitude towards the countryside. Rural life is coming into fashion in Italy because it now seems marginally less intolerable than life in the cities. And for one nation at least, the countryside is a gold mine - Ireland gets six times as much from the CAP as it pays out. Children always vote for Christmas, as an Irish colleague put it.

James Morgan is economic correspondent of the BBC World Service.